Weekend FT

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EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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Weekend November 23/November 24 1991

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WORLD NEWS

US invites Mideast parties to Washington

The US State Department said it had eventually decided to issue invitations itself to parties directly involved in the Middle East peace talks for a meeting to open in Washington on December 4 after it had left them to work out among themselves where to hold their next round of bilateral talks.

Yitzhak Shamir, Israel's prime minister, had made a last-minute effort in Washington to persuade President George Bush that the talks should be held in the Middle East. Page 24

Carrington steps in
International attempts to stop the bloodshed in Croatia gathered momentum when Lord Carrington, chairman of the European Community peace conference, arrived in Belgrade, the Serbian and federal capital. Page 2; Unchanging story from Croatia, Weekend, Page VII

Trade talks calm
Trade officials and negotiators played down the crisis in the Uruguay Round of trade talks resulting from the failure of the European Community and the US to resolve their differences about reductions in farm subsidies. Page 2

Argentine protest
Britain's announcement authorising oil exploration off the coast of the Falkland islands provoked an immediate protest from Argentina. Page 3

Tanker blast kills 50
A tanker exploded an hour after it overturned in Maharashtra state, western India, killing 50 villagers who had gathered in the hope it contained kerosene for cooking.

Wedding guests shot
Eighteen members of a Sikh militant's family gathering for a wedding were gunned down in their home near the Indian holy city of Amritsar.

Albanian shoes plea
Albania appealed for an estimated 240,000 pairs of shoes needed for its children after the country's three shoe factories closed in May due to a shortage of raw materials.

Constitution change
The Communist party of Great Britain voted to adopt a new "humane, green, democratic socialist" constitution and abandon the Marxist-Leninist stance it has held for seven decades. Page 4

IRA firebomb alert
Police warned of an IRA pre-Christmas firebomb blitz on stores in Northern Ireland.

Wine sales booming
Wine sales rose by more than 1.5m bottles in the last year, with Britain's 30m wine drinkers now consuming 790m bottles a year, the Wine and Spirit Association said.

Pioneer treatment
Surgeons at London's Royal Brompton Hospital announced a breakthrough in the treatment of life-threatening heart palpitations in young children. The technique uses a hot wire electrode to burn away rogue heart cells.

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BUSINESS SUMMARY

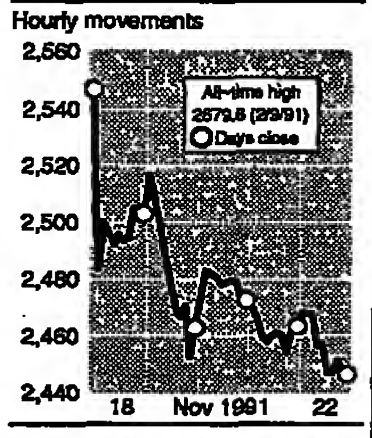
Plan for BCCI settlement could pay 40c in the $

Depositors and creditors worldwide of Bank of Credit and Commerce International, could receive up to 30-40 cents in the dollar under a liquidation plan which is being negotiated with Abu Dhabi, the bank's leading shareholder.

Liquidators estimate that without Abu Dhabi's help, the payout under the projected global settlement plan would be less than 10 cents in the dollar, and would not materialise for possibly ten years because of litigation. Page 6; HK arm closer to being sold off, Page 6

FT-SE 100 Index

Hourly movements



LONDON equities: Weakness in sterling and gloomy prospects for the Christmas retail season prompted a sell-off. The FT-SE Index fell a further 17.2 points to close at 2,446.3, having fallen by about 4.4 per cent over the two-week account. London stocks, Page 15

BLOCKBUSTER, US video rental company, made a £75m recommended offer for Cityvision, largest UK video rental company. Page 10

RUSSIA moved to take control of central banking in the former Soviet Union, challenging smaller republics either to join a banking union on Russian terms or to create their own currencies. Page 24; Precious figures, Page 8

INTERHOTEL: Most of the east German chain, the country's largest, has been sold to a group of Berlin property developers for DM2.2bn (£760m) in the largest transaction yet by the Treuhand privatisation agency. Page 2

TOTTENHAM Hotspur, owner of the north London football club, is expected to announce a rights issue on Tuesday alongside its annual results. Tottenham will seek relisting of its shares, which were suspended in 1990. Page 10

NIPPON Telephone and Telegraph, partially privatised Japanese telecommunications company, reported a 13 per cent decline in interim pre-tax profits to Y135.1bn (£587m). Page 12

EUROPEAN airlines are pressing for EC competition rules that will help the industry restructure in the face of growing challenges from large US and Asian carriers. Page 2

SONY Music Entertainment: Shares of the newly-listed subsidiary of Sony Corporation, made a disappointing debut on the Tokyo exchange's second section. World stocks, Page 21

LEADING Japanese commercial banks reported mixed results in the first half to the end of September. Dai-Ichi Kangyo Bank, the largest, showed a 23.4 per cent increase in pre-tax profit, but Daiwa Bank reported a 16.4 per cent fall. Page 12

Sterling at 18-month low against D-Mark

By Rachel Johnson in London and Peter Bruce in Madrid

STERLING fell to an 18-month low against the D-Mark yesterday, as nervousness about economic recovery and the general election brought to an edgy close one of the worst weeks for the pound since it joined the exchange rate mechanism of the European Monetary System.

Despite reports of modest intervention by the Bank of England in its support, sterling dropped almost three pfennigs to DM2.84 after opening at DM2.8675. In London, sterling finished at DM2.85.

This was the biggest one-day fall since October 1990, the month Britain joined the ERM.

The monetary authorities displayed no obvious signs of panic and were keen to point out that the drop primarily stemmed from the D-Mark's surge against the ailing dollar.

But economists suggested that sterling would be fundamentally weak until after the general election, and would be unlikely to gain ground next week. They expect the D-Mark to continue its climb as poor US economic data raise the pressure on the Federal Reserve to ease monetary conditions to avert a double-dip recession.

In the UK this week, hopes of a cut in interest rates to stimulate recovery switched to fears that the government's scope to cut rates has drastically narrowed.

"Politics and Maastricht are undermining the pound, there is an imminent election, and only 125 basis points between UK and German interest rates," said Mr Nick Parsons of the Canadian Imperial Bank of Commerce.

Sterling gained slightly against the dollar to close at $1.798, after a previous $1.7975. Against the D-Mark, the dollar fell to DM1.5855, after DM1.5955 on Thursday.

■ Tietmeyer gets strict over Emu, Page 2
■ Narrowing of trade gap fails to cheer City, Page 24
■ Falling trend, Page 6
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Currencies .... Page 33

Mr Norman Lamont, the UK chancellor, this week promised to do whatever was necessary to defend sterling. But the UK financial markets are concerned that a rise in interest rates would jeopardise the Conservative government's electoral fortunes and the chances of a second-half recovery rather than reverse the pound's three-month drift.

In sympathy with market fears of an imminent UK interest rate rise, the three-month interbank money market rate, which closely tracks the base rate, moved upwards yesterday. After 10¼ per cent on Thursday – the same as the bank base rate – it rose to around 10⅜. At one stage it had reached 10½ per cent.

Fears of a possible sterling crisis would have been roused more strongly unless the peseta, the strongest currency in the ERM, had not also fallen sharply yesterday. This gave the pound, the system's weakest currency, room to move lower in the system.

Sterling traded yesterday around two pfennigs above its peseta-determined lower limit

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Tony Andrews

Cordial meeting: John Major (left) with Ruud Lubbers at Downing Street yesterday

UK accepts it may give Bank more independence

By Philip Stephens, Political Editor

THE UK government has accepted it may have to give much greater independence to the Bank of England after the general election as part of moves towards a single European currency.

As Mr John Major held talks in Downing Street yesterday with Mr Ruud Lubbers, the Dutch prime minister and president of the European Community, officials said the main obstacles to an accord on economic and monetary union had been cleared.

Mr Major said it was a precondition of his signature that an "opt-out" clause for sterling in the latest draft treaty remained at next month's Maastricht summit. He is thought to have won assurances that the Dutch intend to retain it despite objections from several other governments.

But his meeting with Mr Lubbers, described as cordial and constructive, revealed that several modest concessions signalled by Mr Major over the past few days have not closed the gap with Britain's partners over political union.

Mr Major stressed again that he could not accept inclusion in the treaty of any reference to a "federal" goal or a structure which significantly enhanced the authority of the EC over national governments.

By contrast, a shift in the

Continued on Page 24

Mrs Margaret Thatcher last night launched a fierce attack on Mr John Major's refusal to consider a referendum on the outcome of the Maastricht summit, describing her successor's stance as "arrogant" and "wrong".
In a preview of what ministers expect to be a bitter clash if Mr Major secures a deal on a single European currency, Mrs Thatcher told ITN's News at Ten the government had not answered the case for a referendum.
Speaking on the first anniversary of her resignation as prime minister, Mrs Thatcher said if all three parties fought the general election backing plans for monetary union, voters would be denied any choice.
She said: "A government that believes in choice is depriving the people of choice on a big constitutional issue ... parliamentary supremacy is the supremacy of the voice of the people ... If you deny that to be heard, I think it is arrogant and I think it is wrong."

Strasbourg threat, Page 2

Guinness to pay Argyll £92m settlement

By Philip Rawstorne and Richard Waters

A £100m compensation package was announced yesterday to settle one of the City's longest-running and most bitter disputes, arising from the £2.7bn battle between Guinness and Argyll in 1986 for control of the drinks group Distillers.

Guinness, the international drinks group whose former chairman, Mr Ernest Saunders, served a 10-month prison sentence over his actions during the takeover, is to pay Argyll about £92m. Guinness has already been forced by Britain's Takeover Panel to pay out £77m in compensation to Distillers' shareholders.

Morgan Grenfell, the merchant bank which advised Guinness on its successful bid for Distillers, is believed to be contributing a further £5m to the settlement, while Cazenove, the stockbroker, is believed to be paying about £3m. The two played prominent roles in the Distillers takeover.

Mr Roger Seelig, a former Morgan Grenfell corporate finance director, is standing trial at present over his part in the bid. One of Cazenove's leading partners, Mr David Mayhew, is to answer charges in the third Guinness trial which is due to follow.

The payments were made without admission of legal liability by any of those involved. Guinness said in a statement that its legal advice had been that any action by Argyll could have been "vigorously defended with significant prospects of ultimate success".

It added, however, there were always risks in litigation and the costs involved, in payments to financial advisers and diversion of management resources, would have been very large.

"More significantly," it said, "the board has always recognised that the exceptional

Continued on Page 24

Lex, Page 24

BTR's £1.55bn offer wins fight for Hawker Siddeley

By Andrew Bolger

BTR, the UK industrial conglomerate, yesterday gained control of Hawker Siddeley, one of the most famous names in British engineering, after the biggest City takeover battle of the year.

BTR declared its £1.55bn offer unconditional after receiving sufficient acceptances to allow it to control more than 70 per cent of the struggling engineering group's equity.

The comfortable margin of BTR's victory came as a surprise to the City, after rumours that the bidder was struggling to achieve the additional 17 per cent which it needed by yesterday's lunchtime close to secure control. BTR did not disclose its victory until 4.54pm, six minutes before the deadline for an announcement. As the afternoon wore on, Hawker shares plunged from 719p to close at 4.30pm on 675p – well below BTR's cash alternative of 725p per share. Hawker shares later jumped to 725p in after-market trading.

Wide margin of success in cliffhanger .... Page 10
Lex .... Page 24

Mr Alan Jackson, BTR's chief executive, said the announcement was delayed because the acceptances had come in a last minute rush. This suggests that many institutions waited until the last minute before deciding, even though most analysts had written off Hawker's chances from the outset.

Mr Jackson said he was "thrilled" by what is BTR's biggest acquisition since he became chief executive last December. He added: "We'll be moving quickly to visit Hawker's operations and meet the workforce and executives. I see my role as being to grow and secure the businesses and provide comfort and security after all the talk of disposals."

The bid forced Hawker to unveil plans to sell four of its seven businesses, comprising about 60 per cent of the group.

Mr Alan Watkins, Hawker's chief executive, commented: "People said we were dead in the water when the bid was announced, but as we did the rounds of the institutions there was a lot of support for the industrial logic of our strategy."

He said the recent uncertainties over the economy and the stock market's weakness had increased the relative attraction of BTR's cash alternative.

Victory in this bid was crucial for BTR, which has seen profits drop as a result of recession. It failed to gain the last two large companies for which it launched hostile bids – Pilkington, the UK glass group, and Norton, the US abrasives concern.

BTR shares closed 8p lower at 389p.

● Hawker Siddeley will be replaced in the FT Ordinary Share Index by Reuters Holdings on Monday.

MARKETS

STERLING
New York lunchtime:
$1.796
London:
$1.798 (1.7975)
DM2.85 (2.8675)
FFr9.745 (9.8)
SFr2.5375 (2.5475)
Y232.75 (232.75)
£ index 90.8 (91.2)

GOLD
New York Comex Dec
$369.6 (368.6)
London:
$368.45 (365.55)

N SEA OIL (Argus)
Brent 15-day Jan
$20.225 (20.775)

DOLLAR
New York lunchtime:
DM1.582
FFr5.4085
SFr1.4065
Y129.25
London:
DM1.5855 (1.5955)
FFr5.42 (5.4525)
SFr1.411 (1.4175)
Y129.5 (same)
$ index 62.6 (62.8)
Tokyo close: Y129.65

US LUNCHTIME RATES
Fed Funds: 4$\frac{11}{32}$%
3-mo Treasury Bills:
4.502%
Long Bond:
100$\frac{7}{32}$
yield: 7.975%

STOCK INDICES
FT-SE 100:
2,446.3 (−17.2)
FT-A All-Share:
1,182.51 (−0.7%)
FT-SE Eurotrack 100:
1,066.84 (−5.13)
New York lunchtime:
DJ Ind. Av.
2,895.57 (−37.12)
S&P Comp
374.89 (−5.17)
Tokyo: Nikkei
23,117.39 (−60.45)

LONDON MONEY
3-month interbank:
10$\frac{11}{16}$% (10$\frac{9}{16}$%)
Liffe long gilt future:
Dec 93⅝ (94$\frac{7}{32}$)

Chief price changes yesterday: Page 24

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Carrington in Belgrade as federal army continues advance

By Laura Silber in Belgrade

INTERNATIONAL attempts to stop the bloodshed in Croatia yesterday gathered momentum when Lord Carrington, the chairman of the European Community peace conference, arrived in Belgrade, the Serbian and federal capital.

But the federal army yesterday showed no signs of slowing its advance on Osijek, the regional capital of eastern Croatia.

A western diplomat said *Lord Carrington would meet* Mr Cyrus Vance, the special United Nations envoy, who had talks this week with leaders from Croatia, Serbia and the federal army on the deployment of peacekeeping troops. However, the diplomat added that Lord Carrington's unscheduled visit came amid *considerable EC frustration* about the violence and the apparent intentions of the Serb-dominated army to continue its campaign in breakaway Croatia.

Croatian radio said the inhabitants of Osijek, with a peace-time population of 150,000, were forced yesterday to seek refuge in underground shelters. It was earlier reported that two villages about 10 miles south of Osijek had been seized by the army, though Croatia disputed the claim.

Osijek is just 20 miles north of the destroyed town of Vukovar, which this week was captured after a three-month siege. Major Veselin Sljivancanic, director of operations in *Vukovar, said yesterday the* army had evacuated 10,000-12,000 women, children and old people. Six hundred "Ustashe" (Croats) were under arrest and 1,000 Croat soldiers had died in the battle for Vukovar.

A western diplomat said yesterday, "The mutual accusations by Serbia and Croatia of war atrocities have reduced hopes for the deployment of peacekeeping troops any time soon." Serbia and Croatia have both appealed for UN troops but they disagree where they should be stationed. Croatia has accused Serbia of calling for peacekeeping forces to secure its territorial gains made by the federal army. The army controls about a third of Croatia's territory.

Mr Vance yesterday met Mr Alija Izetbegovic, the president of Bosnia-Hercegovina, before a second round of talks with Mr Slobodan Milosevic, Serbia's president. However, Mr Vance was quoted on Thursday night by the Belgrade-based Tanjug news agency as saying: "It is inappropriate to talk about sending peacekeeping troops to Yugoslavia as long as the violence continues."

Meanwhile, the arrest of Mr Dobrosav Paraga, an ultra-nationalist Croat leader who has his own militia, may raise tensions among Croats, many of whom have criticised the government of Mr Franjo Tudjman for failing to defend the breakaway republic. Mr Paraga is one of Mr Tudjman's most vocal critics, and is charged with "inciting an armed rebellion", Tanjug reported.

Philip Stephens, Political Editor, adds: Mrs Margaret Thatcher, the former UK prime minister, yesterday launched a strong *attack on* the British government for not giving Croatia armed assistance.

In an interview for Croatian television she said Croatia and Slovenia should have been recognised as independent nations under attack from "Communist Serbs". Britain and other nations could then have provided arms to the two countries to defend themselves against aggression.

UK warns Libya on Lockerbie suspects

By Robert Mauthner, Diplomatic Editor

BRITAIN yesterday warned Libya of serious consequences if it refused to hand over two Libyans accused of the 1988 bombing of a Pan American airliner over Lockerbie, Scotland.

Britain was consulting its allies on possible measures if Libya persisted in its attitude, the Foreign Office said. Economic and financial sanctions are believed to be under consideration.

Libyan Foreign Minister Ibrahim Mohamed Bashari on Thursday rejected a request by Britain to extradite Libyan nationals Abdel Baset Ali Mohamed al-Megrahi and Al-Amin Khalifa Fhimah, alleged to be intelligence agents.

German money supply up further

The German Bundesbank yesterday reported a further acceleration in the growth of money supply, up at an annual rate of 4.8 per cent in October, compared with 4.5 per cent in September, writes Quentin Peel from Bonn.

The main factor behind the increase in money supply was an "unusually rapid" increase in short-term borrowing, including an acceleration in bank lending to private companies and individuals, the central bank said.

The bank also reported a sharp deterioration in the country's balance of payments capital account for September, recording a deficit of DM935m (£323m) against a surplus in August of DM9.545bn.

Portugal to propose Jakarta embargo

The Portuguese government yesterday called on businesses in Portugal to stop dealing with Indonesia and intends to ask the European Community to enforce a full trade embargo against Jakarta, writes Patrick Blum from Lisbon.

The move followed unprecedented official and public protests after the showing on Portuguese television earlier this week of the Indonesian massacre of civilians in East Timor, a former Portuguese colony.

The Indonesian army opened fire at a funeral procession last week, leaving 19 dead according to Jakarta and over 100 killed according to independent testimonials.

Moderate recovery in French economy

A sign of moderate recovery in the French economy emerged yesterday, with the publication of an estimated 0.8 per cent rise in gross domestic product (GDP) in the third quarter, writes William Dawkins from Paris.

This brings to 1.5 per cent the increase in GDP over the six months to the end of September, an annualised rate of 3 per cent, said Insee, the state statistics institute. France's economy grew by 2.8 per cent last year.

Insee attributed the improvement mainly to a 6.8 per cent rise in export of manufactured goods and a 0.5 per cent rise in household consumption in the three months to September.

Tanzania arrests opposition leaders

Tanzanian police yesterday arrested two leading pro-democracy campaigners and charged them with forming unlawful societies, Reuter reports from Dar Es Salaam.

Chief Abdallah Said Fundikira, who formed the Union for Multi-Party Democracy this month, was charged and later freed on bail.

Mr James Mapalala, whose Civic Movement was also founded this month, was still being held.

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EC paves way for free trade with E Europe

By Andrew Hill in Brussels and Christopher Bobinski in Warsaw

THE European Community yesterday signed agreements with Hungary, Poland and Czechoslovakia which open the door to free trade within 10 years, and eventual full membership of the EC.

Mr Jacques Delors, president of the European Commission, said earlier that he saw the agreements – concluded after almost a year of hard negotiation – as the beginning of a process which could end with the EC expanding eastwards.

However, full membership is still a long way off for Hungary, Poland and Czechoslovakia. Mr Pablo Benavides, the Commission's chief negotiator over the last year, said: "This is not an entrance ticket. It's a kind of trial run [to see] if they would like to become members later on."

However, the accords, which should be signed on December 16 in Brussels, will gradually open *borders between the EC* and Hungary, Poland and Czechoslovakia for free movement of goods, workers, capital and services.

They will still have to be ratified by the European and national parliaments, but to speed the opening of borders, interim free trade agreements are being prepared, which may come into effect from March next year.

Agreement was reached despite 11th-hour setbacks ranging from a computer malfunction to Spanish concerns about cheap steel exports from eastern Europe disrupting Spain's domestic industry. Mr Benavides said sufficient safeguards had been installed to ensure that such a danger would not arise.

The agreements – the first on this scale with any east or central European countries – allow each side access to the others' markets, although the three east European states will have longer to *liberalise their markets. Apart* from the compromise in the steel sector, protocols have also been added to soften the blow for EC textile-manufacturers and farmers.

Negotiators from the three east European countries welcomed the agreements. Mr Zdenko Pirek, deputy foreign minister of Czechoslovakia, said: "This is another step on the road to integrating ourselves into the family of democratic nations."

Mr Andrzej Olechowski, Poland's chief trade negotiator, welcomed the agreement "despite its shortcomings and the lack of cohesion" between its approach to industrial and agricultural goods. This agreement "returns Poland to Europe and Europe to the Poles", he said.

The Poles have, however, won reductions in customs dues on more than half of the value of last year's food products to the EC, and also negotiated a new tariff regime for *motor vehicles* which will insure improved access for foreign-owned plants in Poland.

Berlin group pays DM2.2bn in Treuhand's biggest transaction

Developers buy E German hotels

A statue of Marx and Engels watches over east Berlin's Palasthotel, part of the Interhotel chain sold yesterday to Berlin property developers in the biggest east German privatisation deal yet

MOST of the east German Interhotel chain, the country's largest, has been sold to a group of Berlin property developers for DM2.2bn (£760m) in the biggest transaction yet by the Treuhand privatisation agency, Leslie Colitt reports from Berlin.

In a cliff-hanging final act, the Treuhand's favourite to clinch the deal, the Sixt car hire company of Munich, dropped out claiming it was too risky. One *insider said* Mr Erich Sixt – the second biggest car hire operator in Germany – realised at the last moment that he had "bitten off more than he could chew".

There are some 150 claims on the properties by former owners, but the Treuhand said yesterday it would assume the risk for restitution claims.

The successful bidders, led by partners of the Klingbeil property group, have promised to invest DM1bn in the chain and to retain 7,500 employees or face the prospect of fines.

The 28 hotels range from the elegant new five-star Grand in east Berlin, one of the smartest in central Europe, to the more typical Kosmos, a draughty box in Erfurt. About half of them will be managed by international hotel chains, including Holiday Inn, Sheraton, Ramada, Inter-Continental and Marriott.

Five hotels have been sold separately for a total of DM344m. These include the recently-completed four-star Dom in east Berlin, which went to Hilton International, a subsidiary of Ladbroke Group. Hilton paid more than DM600,000 a room, reflecting the boom in demand for hotel rooms – mainly occupied by westerners – in east Germany.

Interhotel had sales of DM700m this year and reported excellent profits.

The Grand Hotel, located at the corner of Unter den Linden boulevard, was built in the mid-1980s as a no-cost-spared prestige project of the Communist party. Ordinary East Ger*mans, barred from entering* even the lobby, grumbled as they peered through the windows to catch glimpses of the forbidden world inside.

One of the hotels sold separately, *the Elephant* in Weimar, was a favourite of Goethe and of Hitler who ordered it to be rebuilt in Nazi style in 1938.

Tietmeyer gets strict over Emu

By Quentin Peel in Bonn

THE vice-president of the German Bundesbank, Mr Hans Tietmeyer, yesterday read the riot act in Italy over the absolute necessity for European monetary union to include strict rules and sanctions against any member state failing to keep its budget deficits under control.

His choice of venue underlined the deep concern felt in Germany, and above all in the Bundesbank, about the danger that Emu might fail to discipline chronic deficit spenders like the Italian government – *and therefore create* a weak and unstable common currency.

At the same time he argued vigorously for the widest possible political union as the essen*tial underpinning of a common* currency, to cope with the inevitable strains that a single monetary area will cause among the different regions of Europe.

His speech in Venice was the bluntest statement to date of German fears about the danger of creating a common currency without adequate economic convergence, and adequate safeguards for the future good financial behaviour of member governments.

He warned that Emu without convergence could cause mass unemployment and migration from poor to wealthy regions. And he asked bluntly who would pay for big financial transfers, if the poorer member states demanded budget subsidies instead.

Otherwise, he warned, politicians might be tempted to enforce a weak monetary policy to help the weaker member states cope with external economic shocks, like the oil crisis of the 1970s.

"A [common] currency less stable than those which exist today could have great disadvantages," he warned. "Politically, it could actually blow apart the whole process of European integration."

At the same time, Mr Tietmeyer said, "without a wide-ranging political commitment and structure, a monetary union cannot survive".

Arguing as a convinced *European, who has been* involved in the attempts to create a monetary union since 1966, he still warned brutally of the possible dangers.

"Are we ready to put up with the risks of unemployment, and migration towards those areas of the Community with higher productivity and higher incomes?" he asked. Or would it simply result in political demands for generous Community financial transfers? And how should those be financed?

"Or will the politicians attempt to put pressure on the monetary policy, in the ultimately vain hope of solving the problems via a less stability-oriented monetary policy?"

Airline plea for easing of rules on competition

By Paul Betts, Aerospace Correspondent

EUROPEAN airlines are pressing for EC competition rules that will help the industry restructure in the face of growing challenges from large US and Asian carriers.

Mr Bernard Attali, Air France chairman and outgoing president of the 22-member Association of European Airlines (AEA), said in his final address to the organisation's general assembly in Dresden that the EC should adopt a global rather than an inter-European approach to air transport competition. "The Commission should not prevent the air transport industry from restructuring itself through mergers, acquisitions, and other alliances."

His remarks coincide with moves by several European airlines to forge new partnerships, such as British Airways and KLM Royal Dutch Airlines, and Air France and Sabena of Belgium.

Mr Attali also called for fairer competition between air transport and new *high-speed* rail networks in the Community, and for the burden of taxation and other charges on the airline business to be eased.

Unlike rail, said Mr Attali, air transport had to finance almost all its infrastructure through charges. The harmonisation of air traffic control systems in Europe was essential to ease growing congestion in the skies. He estimated this would cost about Ecu1.4bn (£980m), whereas the Commission was already planning to spend Ecu100bn on developing high-speed train networks.

He argued that the airline industry was increasingly burdened by taxes and fees at a time when its finances were under extreme pressure following the slump in air travel this year and increasing competi*tion from US and Asian* "mega-carriers".

The AEA estimates that landing fees alone for all member airlines rose by 27 per cent to \$2.3bn last year from \$1.8bn in 1989. Air traffic control en-route charges rose 30 per cent to \$1.3bn in the same period.

The organisation is to put its its concerns to EC ministers next month, Mr Attali said.

Strasbourg threatens to reject treaty

By David Gardner in Strasbourg

THE European Parliament has voted to reject the current draft treaty on EC political union unless it is made significantly more federalist at next month's Maastricht summit.

The Strasbourg assembly cannot block revisions to the Treaty of Rome made by the 12 member states, but some national parliaments have indicated they will not ratify political union without the assent of the European Parliament.

There is a precedent for such interlocking action. The Italian parliament held up ratification of the Single European Act until it had won the assent of the MEPs.

The parliament said agreement so far on political union was "a completely inadequate response" and it would "be obliged to reject the draft treaty of union if its present contents are confirmed".

Support for its view this time could range much more widely. The *Belgian parliament* has joined Italy's in forging a Strasbourg link. In Germany, the European affairs committee of the Bundestag is lobbying other national parliaments *to gather support for greater* powers for Strasbourg than are envisaged at present.

Germany, at government and parliamentary level, has been the most insistent on increasing Strasbourg's powers, and Chancellor Helmut Kohl has repeatedly stressed that his country cannot agree to economic and monetary union without an adequate political union agreement. This would not only include real Euro-parliamentary checks on new EC powers, but give Strasbourg legislative "co-decision", or equal rights with the Council of Ministers, which now approves legislation with usually minor parliamentary amendment.

Britain 10 days ago conceded in principle that the parliament should be given the right to negotiate amendments directly with the Council, and kill EC bills which did not contain them. However, it wants to circumscribe tightly the areas to which this system would apply.

At this week's political union debate in Strasbourg *speakers from virtually all par*ties and all member states – including British Tory MEPs – warned that under the current draft treaty, governments of the Twelve would be *gaining new executive powers* for which neither national parliaments nor the Strasbourg assembly could hold them accountable.

Agreement on US bank law sought

By George Graham in Washington

NEGOTIATORS from the US Senate and House of Representatives are due to start work soon crafting banking legislation that reconciles the differences between conflicting bills passed by the two chambers on Thursday night.

A Senate-House conference could meet as early as this weekend to decide the final shape of the legislation, which is already much changed from the far-reaching reform proposed by the Bush administration in February.

Both House and Senate versions of the bill include \$70bn (£39.5bn) of additional borrowing authority for the bank *insurance fund which guaran*tees depositors if their bank collapses.

The Senate version also includes measures to let banks open branches outside their home states.

However, the House passed a version which adds to the basic deposit insurance refinancing only a few improvements to regulators' powers.

Failure to resolve farm dispute played down by Gatt officials

By William Dullforce in Geneva

TRADE OFFICIALS and negotiators yesterday played down the crisis in the Uruguay *Round of trade talks resulting* from the failure of the European Community and the US to resolve their differences about reductions in farm subsidies.

Mr Arthur Dunkel, director general of the General Agreement on Tariffs and Trade, did not consider the multilateral negotiating process to be blocked or in danger, his spokesman said.

The EC and the US were clearly prepared to continue seeking a consensus, the spokesman added. It was true that negotiators were now faced with the toughest issues of all, but the fact that EC and *US agricultural negotiators* had returned to their capitals (after meeting for only one day) reflected their need to seek new instructions to continue negotiating.

A senior US official said the Round was "still a viable process". There were important stumbling blocks, particularly between the US and the Community in agriculture, but there were also lots elsewhere.

EC and US officials had earlier acknowledged that Mr Guy *Legras, the EC director general* for agriculture, and Mr Richard Crowder, US agriculture undersecretary, had made no progress in their one-day meeting in settling significant outstanding differences between them over agriculture.

Tension over the farm issue within the EC camp was reflected yesterday at a meeting of trade policy directors from the 12 capitals, which had been switched from Brussels to Geneva. The French and Irish insisted that the Community should make no further concessions on agriculture, while the Germans, British and Dutch called for the European Commission to be given the flexibility needed to seek compromises. The French were particularly critical of working papers on agriculture circulated on Thursday by Mr Dunkel.

In a broader context Japan and Canada objected to the "comprehensive tarification" – the conversion into customs duties and subsequent reduction of all barriers to farm imports – which is a basic point in the Dunkel blueprint. Japan does not want its ban on rice imports converted into a tariff. The Canadians argue that their supply management programmes would be unworkable without import quotas.

AP-DJ adds: The US and the EC are likely to agree on a package to replace all non-tariff measures with tariffs having an equivalent effect, which would be progressively lowered, according to the Nihon Keizai Shimbun newspaper, Kyodo news service reported.

It quoted a Japanese government source as saying the new package called for reducing "import barriers on all farm products including rice" by an average of more than 30 per cent over five years.

The package also proposed new low import quotas for "all farm products including rice", which would account for 3 per cent of domestic consumption initially and would be raised to 3.9 per cent in five years, the newspaper said.

Paris tries to make sense of its traffic jams

By Alice Rawsthorne in Paris

AS ANYONE who has sat, and sat, in a stationary car in a Paris traffic jam will know to their cost, driving around *the French capital can be nightmarish.*

The Paris police are now appealing to Parisians to help alleviate the daily horror of jams, bumps, bashes and fraying tempers by distributing free T-shirts, badges and pens bearing the *slogan "Circuler, une question de bon sens"* – "Driving, a question of common sense".

At first glance common sense seems to have little or nothing to do with Paris traffic. The statistics speak for themselves. Two million cars, vans and lorries enter or leave the city every day, *many more than the narrow* streets of the 17th-century areas of the centre and even the *grands boulevards* can cope with. Then there are the occupational hazards of everyday French life, such as the 1,500 demonstrations *that troop along the capital's streets* each year.

Traffic jams are commonplace. The roads are at their worst on Friday nights and on the days before public holidays when Parisians flee the city in droves. But the streets are so choked with traffic at other times, too, that the *average speed of driving around* central Paris is a mere 18km an hour.

Parking is the biggest problem of all. Parisians alone own more than 800,000 vehicles. But there are only 750,000 spaces to park them in. It is scarcely surprising, therefore, that parking accounts for 7.5m of the 8m traffic offences committed in the city every year.

Things seem set to get worse. The number of vehicles pouring into Paris is increasing by 1 to 2 per cent a year. The only source of solace is that the accident rate is falling. The police hope there will have been fewer than 10,000 by the end of this year, with just 100 road deaths, compared with 109 in 1990.

Encouraged by this, they are investing FFr500,000 (£51,000) in the new *"bon sens"* campaign. Though whether even common sense will be enough to clear the traffic-jammed streets of Paris remains to be seen.

US identifies North Korea as security threat

By Steven Butler in Tokyo

MR DICK CHENEY, the US defence secretary, yesterday increased pressure on North Korea to scrap its alleged nuclear weapons programme, by identifying the country as the principal threat to security in the region.

"The very real danger of North Korea's nuclear proliferation is now the number one threat to security in north-east Asia," Mr Cheney said in a broad policy address which outlined America's security stance in Asia.

The strength of Mr Cheney's remarks indicates that halting the North Korean nuclear programme has become a high US priority in the region.

Mr Cheney refused to speculate on possible military intervention to halt the North Korean programme, but warned that the US was working with other countries in the region. If Kim Il-Sung, the North Korean leader, failed to co-operate, North Korea would suffer even greater isolation.

Mr Cheney arrived in Tokyo from Seoul, where he announced the suspension of plans to reduce US forces in South Korea until the North Korean nuclear threat had abated.

Mr Michio Watanabe, the Japanese foreign minister, yesterday welcomed this decision. Mr Cheney, for his part, praised the Japanese government for what he described as Japan's "hard-nosed" approach to North Korea.

Mr Cheney indicated that the US had begun a big diplomatic initiative to try to halt the North Korean programme.

He said North Korea's compliance with international inspection under the Nuclear Non-Proliferation Treaty was insufficient and compared its weapons development with that in Iraq. Mr Cheney said the North Koreans would also have to dismantle facilities for the enrichment or reprocessing of nuclear fuel.

Mr Cheney's speech also appeared aimed at reassuring countries in the region that the US would maintain a forward military posture along the Pacific Rim.

This would include the continuation of strong bilateral security arrangements, and the maintenance of forward-deployed US military forces, including an overseas base structure.

The strong endorsement of US military deployment in the region will be welcomed by many countries which have recently aired fears that Japan would expand its military presence in response to any reduction of US power.

Mr Cheney did say that Asian allies should assume greater responsibility for their own defence, but in the case of Japan the balance of cost-sharing was about right.

However, he called on Japan to play a larger political role in regional and global issues.

● Talks began in New Delhi yesterday between Indian officials and Mr Reginald Bartholomew, US under-secretary for international security affairs, on the proposal for a regional nuclear-free zone, writes K.K. Sharma in New Delhi.

India opposes a nuclear-free zone in south Asia because it leaves out China, a nuclear power, and ignores Pakistan's nuclear capability.

Sununu may be liability for Bush

By George Graham in Washington

AS THE US administration plunges each day deeper into disarray, Mr John Sununu, President George Bush's abrasive chief of staff, is once again running into a barrage of criticism.

Mr Sununu, the former governor of New Hampshire, has always been a favourite target for the opposition Democrats, but in recent weeks many Republicans, too, have turned on the little-loved chief of staff.

As Mr Bush prepares his re-election campaign team, questions are being raised about Mr Sununu's role. Some top Republican strategists have shown reluctance to work on the campaign if they are to come under his authority.

The chief of staff could also be an electoral liability even in his home state of New Hampshire, which will be the first test for Mr Bush in next year's electoral primaries.

With little direct involvement in foreign policy issues, where Mr Bush has excelled, Mr Sununu exerts tight control over domestic policy.

It is in this arena, where the president's losing streak has taken on alarming proportions, that Republican unrest has become most apparent.

Right-wing Republican congressmen who have been urging Mr Bush to launch an immediate economic growth package, including a cut in the capital gains tax, blame Mr Sununu for persuading the president to do nothing.

Mr Sununu has also taken the blame, rightly or wrongly, for inserting into a Bush speech last week a throwaway line calling on banks to lower their interest rates on credit card balances. The call prompted Senator Alfonse D'Amato to push through a bill capping rates at 14 per cent. This helped provoke last week's stock market plunge and forced Mr Bush into damaging back-pedalling.

Thursday's equally damaging back-pedalling on civil rights legislation is also being attributed by some critics to Mr Sununu's inadequate management of the White House.

His opponents are now closely watching one possible exit: the possibility that he might run for a New Hampshire Senate seat if Senator Warren Rudman decides to retire, as he hinted this week. This rumour has been dismissed by Sununu allies in the past as wishful thinking, but refuses to disappear.

Argentina protests at Falklands oil move

By John Barham in Buenos Aires and Robert Mauthner in London

BRITAIN'S announcement yesterday authorising oil exploration off the coast of the Falkland islands has provoked an immediate protest from Argentina but is not expected seriously to affect the co-operative climate established between the two countries since last year.

In co-ordinated statements in London and Buenos Aires, both governments repeated their claims over oil and mineral rights on the continental shelf under their respective jurisdictions. Argentine foreign minister Guido di Tella stressed that, in the case of Argentina, this included natural resources in waters or under the seabed around the Falklands.

At the same time, however, both sides made it clear that they want to continue their co-operation to resolve disputes between them and announced that they were beginning negotiations on establishing an oil regime in the South Atlantic.

"We do not recognise British rights over the islands and they do not recognise ours," Mr di Tella said. But he added Argentina and Britain had "agreed to agree" over oil.

The Foreign Office in London yesterday said the Falklands were going to take the necessary legislative measures "to provide for the exercise of the crown's rights over the seabed and the sub-soil of the continental shelf around the Falkland Islands."

These rights extend to a distance of 200 nautical miles from the islands. However, no tests to establish the presence of oil will take place in an area west of the Falklands, where Britain's 200-mile zone overlaps with a similar Argentine area.

Oil co-operation talks are due to be held in London next month, followed by more talks in Buenos Aires in January. Officials stressed that only seismic surveys would be licensed, and that talks over joint exploitation needed to be held only if surveys indicated oil in commercial quantities.

The South Atlantic has long been rumoured to contain huge oil reserves, but the dispute over the Falklands prevented any conclusive exploration.

Argentina claims the Falklands and the adjacent islands of South Georgia and South Sandwich, despite defeat in the 1982 conflict. Diplomatic relations resumed in 1990. The two sides are permanently engaged in delicate negotiations, over military controls, fisheries and now oil, that do not compromise, or appear to compromise, their rival claims, while allowing companies to operate in the region.

Champion of the have-nots limbers up for UN

Tony Walker profiles the consummate Egyptian diplomat named as the UN's next secretary-general

BOUTROS BOUTROS GHALI, elected UN secretary-general-designate late on Thursday, is not without a sense of humour.

Bidding farewell to reporters after a recent interview in the headquarters of the Egyptian Foreign Ministry, he challenged us to a race around the large foyer. We had been asking him about his age and health and, by implication, suggesting that he might be too old for the arduous task of secretary-general.

Mr Ghali's age – he turned 69 on the 14th of this month – was one of the main barriers to his persuading permanent members of the UN Security Council to endorse his candidacy, or refrain from a veto. Ultimately, the Egyptian official's considerable virtues outweighed these doubts and the initial reluctance of the US. President George Bush had favoured his friend, the special UN envoy for refugees, Prince Sadruddin Agha Khan.

Mr Ghali, who had served for 14 years as Egypt's minister of state for foreign relations until his appointment this year as a deputy prime minister, is one of the international community's best-known diplomats. The spry Sorbonne-educated lawyer had been considered for many of the world's top international posts: UN high commissioner for refugees, secretary-general of Unesco, head of the International Labour Organisation. That his actual or potential candidacy for all of these posts was taken seriously is a tribute to his reputation as a skilled diplomat and expert in international law and labour relations.

Mr Ghali yesterday told Egypt's Middle East News Agency that his appointment was a victory for the Arab world, Africa and the third world.

Leaving aside the question of age, he is close to being the perfect candidate for UN secretary-general. He is fluent in French, English and his native Arabic. He is regarded as a good administrator, something not considered one of the strong points of outgoing Secretary-General Javier Pérez de Cuéllar.

Perhaps more important, Mr Ghali has a proven record as a negotiator. As acting foreign minister, he accompanied the late President Anwar Sadat on his historic visit to Jerusalem in 1977 and later led the Egyptian team in the negotiations with Israel that led to the 1978 Camp David Accords.

His appointment now seems especially appropriate in light of the revived efforts to secure peace in the Middle East. His long experience in dealing with the Palestinian issue may well prove invaluable in efforts to resolve this most complex of disputes. Israel was reportedly not happy that an Arab should emerge as the leading candidate at this time, especially one who had built a reputation as an adroit Camp David negotiator. Mr Ghali sought to lessen these concerns at a September meeting in Paris with Israeli Prime Minister Yitzhak Shamir and seems to have been at least partially successful, in that Israel did not raise strong objections.

Mr Ghali is a Coptic Christian and comes from an aristocratic family with a long record of public office. His grandfather, Mr Boutros Pasha Ghali, was prime minister from 1908 to 1910, when he was assassinated by an Egyptian nationalist who accused him of collaborating with the British.

Mr Ghali gained a doctorate in international law from the Sorbonne in 1949 and continued his specialisation at Columbia University in New York. Back in Cairo in the 1950s, he devoted himself to university teaching and to journalism, emerging as a voice for the liberal right on the daily *Al Ahram*.

But for the fact that Mr Ghali is a Christian in a Moslem-dominated country, he would have been appointed foreign minister years ago. He was made deputy prime minister for foreign relations in this year's cabinet reshuffle as consolation.

The personable, humorous and dapper Mr Ghali has always been accessible to the western press, but is skilled at appearing to say much while revealing little.

His specialty is development issues, and, in particular, the plight of Africa. He has written numerous essays on the subject and is a strong advocate for redressing the balance between the "haves" and "have-nots". This preoccupation was reported to have caused the US some concern. As the the first Arab-African secretary-general, he will have a platform from which to press his calls for additional assistance from the developed to the developing world.

Mr Ghali, whose main hobby is his 4,000-volume library, is married to a woman of Egyptian-Jewish origin. This has sometimes been used by Islamic extremists as a basis for criticism. He has parried these thrusts, sometimes on the floor of Egypt's parliament, without too much trouble.

The new secretary-general is a consummate diplomat.

Delighted: Boutros Boutros Ghali pictured in Cairo with his wife, Lea, who is of Egyptian Jewish descent

Communist party faces revolt over ideology and name change

By Neil Buckley

THE COMMUNIST Party of Great Britain yesterday voted to adopt a new "humane, green, democratic socialist" constitution and abandon the Marxist-Leninist stance it has held for seven decades.

The move was opposed by a third of delegates at the party's 43rd special congress in London. They warned that it might spell the end of the organisation. The congress will vote today on the equally sensitive issue of renaming the party Democratic Left.

Delegates voted by 135 to 72, with three abstentions, to adopt the new constitution, marking the end of an era for Communist parties formed in the wake of the Russian Revolution of October 1917.

The principles of dialectical materialism and achieving political change by revolutionary methods were jettisoned in favour of a broader and more evolutionary democratic socialism. Ms Nina Temple, party secretary, welcomed the vote and said that rejecting the idea of revolutionary overthrow did not mean accepting capitalism.

"We joined the Communist party to change the world, we must recognise that it was part of a tradition that has failed, that has ended up replicating rather than challenging authoritarianism and injustice. We must be bold enough to change ourselves, even to reinvent ourselves."

Against that, Mr Andrew Murray, chairman of the party's London district, who is leading opposition to the reforms, warned that the new party would have no "market niche". "The new constitution is not a socialist document at all and sets up an organisation for which there is no call in British politics."

He warned that those who do not support the reforms might leave and form a party devoted to rehabilitating traditional Marxist ideals.

Membership of the CPGB has fallen to about 6,000 in recent years, from a peak of 56,000 in 1942, and the predominantly middle-aged delegates at the congress recognised that the party faced an obstacle in its age profile.

Mr Michael Watts, 19, a maths student at Sheffield University and the youngest delegate, said he thought the new constitution would be "flexible and encourage initiative", and more attractive to young people.

Not all were so sure. Ms Nell Logan, 82, a member of the Communist party for 68 years and who attended a Communist International conference in Moscow in 1929 said she was very uneasy about the changes.

THE GUINNESS TRIAL

Banker did not know purpose of share deals

By Raymond Hughes, Law Courts Correspondent

A FORMER Morgan Grenfell group chief executive said yesterday he would not have gone along with a request from Mr Roger Seelig for Morgan to buy a block of Guinness shares had he known that the purpose of the transaction was to discharge an indemnity obligation incurred during the Guinness takeover of Distillers.

Mr Christopher Reeves, now vice-chairman of Merrill Lynch International, said that during the bid he had not known that L.F. Rothschild, a New York investment bank, the Henry Ansbacher merchant bank and Ansbacher clients had been buying Guinness shares at Mr Seelig's request under indemnities against loss.

Nor had he known of arrangements between Mr Seelig and an intermediary for a Swiss investor who bought Guinness, Distillers and Argyll shares during the bid.

Mr Seelig had never discussed with him the possibility of offering indemnities to persuade supporters to buy Guinness shares, or that Guinness might indemnify supporters found by Morgan, Mr Reeves said.

He is a witness in the trial in which Mr Seelig, former Morgan Grenfell corporate finance director, and Lord Spens, former Ansbacher corporate finance managing director, deny fraud and false accounting charges.

Mr Reeves said that when, after the bid, Mr Seelig asked if Morgan would buy about £18m of Guinness shares to keep them off the market he had not mentioned that they were owned by LFR.

He said he had accepted Mr Seelig's word about why Morgan should buy the shares. Either Mr Seelig or one of his team had said Morgan would be buying them at a small premium – less than 10 per cent – over the market price.

"Did you have any reason to question Mr Seelig's judgment?" asked Miss Elizabeth Gloster, prosecuting.

"Not at all," replied Mr Reeves.

Miss Gloster: "If you had known that the purpose of the proposed purchase was to discharge Morgan Grenfell's obligation under an indemnity given to LFR during the bid, would you have given permission for this transaction to go ahead?"

Mr Reeves: "No."

He said that, before the appointment of trade department inspectors to investigate Guinness he had not known that Guinness had deposited £7.6m with Ansbacher.

Mr Reeves recalled the "very distressing" and "emotional" meeting at which Mr Seelig was told that his employment by Morgan was being terminated because he could no longer command the board's confidence.

One important reason for that had related to the LFR shares and "a question of general contradictions both in what Mr Seelig had said to us and what he may have said to the inspectors."

Mr Seelig's reaction had been to emphasise that he had at all times acted in Morgan's interests and had not had any personal gain.

Cross-examining, Mr Seelig asked if Mr Reeves remembered being asked by Mr Ernest Saunders, then Guinness chief executive, to ensure Morgan did everything it could to obtain support for Guinness.

Mr Reeves said Mr Saunders had complained Morgan was not doing enough in the way of obtaining investor support.

The trial continues on Monday.

Tony Andrews

In the dark: Christopher Reeves said he was not told of the indemnity obligations

Decline in married households foreseen

By David Barchard

A BRITAIN dominated early in the next century by households of ageing spinsters is forecast in an article published today by Housing Finance, the quarterly review of the Council for Mortgage Lenders.

The CML predicts that on present trends, far less than half of all households will be headed by married couples by the year 2011, compared with about 70 per cent in 1971. Nearly a third will be headed by unmarried women.

More than a quarter of all households will be headed by unmarried men by 2011. The number of young married couples will decline in absolute terms, and by 2001 only 40 per cent of London households will consist of married couples.

The CML says that advertising goods and services against a backdrop of family life may become less rewarding as a smaller proportion of households find that that reflects their own experience.

Middle-aged households will become dominant over the next 10 years, and companies serving the housing market will have to cater for customers who are more mature and experienced.

The number of households in the UK will rise more slowly than in the past, growing annually by 139,000, compared to 179,000 each year in the early 1990s.

The fastest-growing counties are expected to be almost entirely in the south: Buckinghamshire, Cambridgeshire, Wiltshire and Oxfordshire. Merseyside, Cleveland, and Tyne and Wear are expected to be the slowest-growing.

The CML says that its projects are based on long-term trends evident since the 1960s and should not be dismissed as guesswork.

Japan wants Britain to press EC on trade

By Charles Leadbeater, Industrial Editor

THE Japanese government wants Britain to press the EC to adopt an open approach to trade and investment as a component of its plans for economic and monetary union, Mr Hiroshi Kitamura, Japan's ambassador to the UK, said yesterday.

Mr Kitamura was addressing more than 100 Japanese businessmen at a conference in London to discuss how Japanese companies in the UK can become more involved in the communities where their businesses operate.

On Britain's role in Europe he said: "The UK seems to Japan to be a standardbearer of an open and outward-looking Europe."

Mr Kitamura praised British pragmatism for playing an influential role in stopping some European governments from pursuing an "unduly dogmatic, philosophical, tunnel vision" about the future of the EC.

Mr Kitamura was opening a conference organised by Business in the Community, which promotes links between companies and local communities, to encourage Japanese companies to strengthen their links with local communities.

The conference followed a meeting last year in Tokyo between the Prince of Wales, Business in the Community's president, and leaders of Japanese businesses with significant operations in the UK.

Mr Stephen O'Brien, the organisation's chief executive, urged Japanese companies to become involved in local initiatives to promote enterprise agencies, education and training, and environmental improvements.

Clowes admits not buying any gilts

MR PETER CLOWES, former head of the collapsed investment group Barlow Clowes, whose companies advertised as gilt-edged specialists, admitted to an Old Bailey jury yesterday that no gilts had been bought.

He denied that his dealings were dishonest or misleading, even though brochures describing offshore investment schemes told potential investors that their savings would go into British government stock.

Mr Clowes agreed that some of their savings were used to buy a jewellery company and a French chateau.

Questioned by Mr Alan Suckling QC, prosecuting, he accepted that there was no way investors would have realised, either from the application forms or receipts they later received, where their money was really going. He agreed that although his group billed itself as "gilt-edged specialists", he operated like a mini merchant bank.

Mr Clowes, in his fifth day of giving evidence, was questioned about various clauses in application forms sent to investors.

One read: "I authorise you to purchase British government stock on my behalf and thereafter manage the said stock on a fully discretionary basis."

Mr Clowes said he felt that gave his fund managers the authority to use investors' money either to buy gilts or to place it on deposit.

Asked by Mr Suckling if he bought any British government stock on behalf of investors, Mr Clowes replied: "No, other than market put-throughs or internal put-throughs."

He agreed he did not buy any British government stock on his clients' behalf. He was using their money in exactly the same way as a merchant bank would. It was never proposed to subject investors' funds to the fluctuations of the gilt market.

Mr Suckling asked: "Did you think it was honest to write that their cheque would be managed on a fully discretionary basis in British government stocks intending that they should not know what you were going to do with it?"

Mr Clowes replied: "Absolutely honest, to the extent that it was in gilts or on deposit in cash."

He denied Mr Suckling's suggestion that the "minimum rate of return" in literature sent to investors was a misleading phrase and was "plucked from the air".

Mr Clowes, Mr Guy Cramer, Mr Peter Naylor and Mr Christopher Newman are accused of stealing £16.9m from investors in offshore funds. Mr Clowes, Mr Naylor and Mr Cramer are also jointly charged with conspiring to contravene section 13(1) of the Prevention of Fraud (Investments) Act, which deals with false statements made to induce people to invest. Mr Clowes alone is accused of eight offences under the sub-section. They deny all the charges.

The trial was adjourned until Monday.

Pearl Assurance to shed 100 jobs

NEARLY 100 management and supervisory jobs are to go at Pearl Assurance, the Peterborough-based life insurer.

Mr Geoffrey Bowles, managing director, said the job losses were to eliminate excess layers of management in the two main processing departments. The company employs more than 2,800 people.

Blue Arrow trial

THE Blue Arrow trial heard no evidence yesterday. It continues on Monday.

Launch of Thatcher foundation marks resignation anniversary

By Philip Stephens, Political Editor

MRS MARGARET THATCHER marked the anniversary of her resignation as prime minister yesterday by announcing the formal establishment of the multi-million-pound foundation designed to keep her political philosophy alive.

After the first meeting of its trustees at offices in Westminster, a glossy brochure said the aim of the Margaret Thatcher Foundation would be to "promote the widest possible acceptance of principles of economic and political freedom, democracy and the rule of law".

The foundation is thought to have raised some £10m from wealthy benefactors – mostly overseas – to launch a programme of research, conferences, scholarships and grants directed, in particular, at the emerging democracies of eastern Europe.

Trustees include Lord Gowrie, a former arts minister, and Lord McAlpine, a former Conservative party treasurer.

In spite of Mrs Thatcher's success in raising funds during a series of lecture tours, an appeals committee has been established to guarantee a regular flow of income.

GMB in deal with Labour Train

By Lisa Wood, Labour Staff

THE GMB general union yesterday said it had signed a single-union agreement with Labour Train, an employment agency for the building industry run by Mr Ken Goodyear, chairman of the Builders' Training Association.

Ucatt, the construction union, which had provided a £30,000 loan to set up the agency, withdrew its support last month. It had hoped that supporting the agency would help to increase its own membership.

The aim was to have 7,000 workers by 1993, producing £500,000 in subscription income for Ucatt. Last month it said it had gained few new members through the agency.

The GMB said the agreement would give it the opportunity to recruit the 3,000 workers on the Labour Train register.

The union said it was not taking any existing Ucatt members at Labour Train and was not breaking the Bridlington rules, which forbid poaching of trade union members.

● About 44,000 builders employed by local authorities have been awarded a 6.4 per cent pay increase and have been given a commitment to a 37-hour week subject to local negotiations.

National Power to take over Deeside project

By Deborah Hargreaves

NATIONAL Power has taken over Deeside Power Development which planned to build a 500 MegaWatt gas-fired power station at Shotton, north Wales.

Deeside Power will operate as a wholly owned subsidiary of National Power. The UK generator said NEI-ABB Gas Turbines had been awarded a contract to build the plant.

Deeside is another victim of tight gas supplies and British Gas price increases. The company said yesterday that several months of negotiations had failed to secure a gas supply for the project.

National Power, which earlier this year was unable to contract further supplies from British Gas, said it had secured supplies from other North Sea producers.

The company is awaiting government approval to import gas from Norwegian suppliers – the deadline for signing the deal has been extended from October to this month.

Work on the £200m plant will start in a few months. It is due to be operating in late 1994. National Power said it would be the fourth and last of its new gas-fired power stations which will provide 3,000 MW of capacity to replace three coal-fired plants.

Cable TV company control goes to Scots

By Paul Cheeseright, Midlands Correspondent

DEVANHA GROUP, a new, privately owned Aberdeen holding company controlled by Mr Graham Duncan, has obtained an 87.75 per cent stake in Coventry Cable, the broad-band cable television operator for the city.

The deal, announced yesterday, means that Devanha controls broad-band cable television distribution in two of the four UK cities where work has been completed on making broad-band cable facilities available to every household.

The Coventry deal is part of a reshuffling of Mr Duncan's cable television interests. His controlling shareholdings in Aberdeen Cable Services, another broad-band cable television operator, and Broadcast Satellite Television, which has narrow-band cable television interests in Manchester, the Medway towns, Plymouth, Tyneside and south Wales, are also being brought under the Devanha umbrella.

Broad-band cables can carry more than 30 television channels; narrow-band cables carry between four and 13 channels. Installation of broad-band cable has been completed in Aberdeen, Coventry, Swindon and Southampton.

Mr Duncan would not disclose how much Devanha had paid for its interest in Coventry Cable, bought from BT, the telecommunications company, and from Equity & Law Life Assurance. The minority shareholder is CUC Broadcasting Group of Ontario, Canada.

Coventry Cable provides the four BBC and ITV channels and a range of 15 other channels for £11.95 a month. It also offers community and educational television.

The immediate commercial difficulty for Devanha is to increase the number of subscribers to its channels. Its broad-band television could reach a total of about 200,000 homes in Coventry and Aberdeen, but Coventry Cable has about 11,500 subscribers and Aberdeen Cable Services about 20,000.

Executives charged with fraud plot

A FORMER bank manager and two company directors appeared at Bow Street magistrates court in London yesterday accused of conspiring to defraud National Westminster Bank of more than £3.5m.

Mr Raymond Mitchell, former manager of the Orchard House branch of the bank in Oxford Street, London, Mr Rashmi Patel and Mr Surenda Patel were remanded on bail until January 3.

The charges allege a conspiracy involving fraudulently opened accounts between 1987 and 1990.

A previous charge of false accounting against Mr Mitchell and Mr Rashmi Patel was withdrawn.

Finance and leasing bodies merge

By David Barchard

A NEW trade association for the UK finance and leasing industry is to be created through a merger of the Finance Houses Association and the Equipment Leasing Association.

The Finance & Leasing Association (FLA) will be the largest trade body of its kind outside the US and Japan, with members lending about £30bn in 1992 and four fifths of all UK credit apart from lending by clearing banks and building societies.

Mr Bob Wyatt, the FHA chairman, and Mr Brian Hassell, ELA chairman, will serve as joint chairmen of the FLA until May next year.

The decision to proceed with the merger was taken in June after Coopers & Lybrand Deloitte submitted a feasibility study.

About 140 companies are members of the two associations, but some companies belong to both organisations and the FLA is likely to end up with about 110 members.

The merger comes at the end of one of the worst-ever years in the asset finance industry, but the ELA said yesterday that its quarterly economic survey suggests a slight increase in business confidence in the last quarter.

The motor finance sector reported a further downturn, with 78 per cent saying that demand had fallen.

Customer cash flow difficulties and business failures continue to run at high levels and lenders to all sectors reported that their arrears and bad-debt experience had worsened.

Mr Brian Hassell, ELA chairman, said: "Demand appears to have reached its low point, and we are now expecting a modest improvement as the economy starts to recover."

During the year, several sectors, including that concerned with the market's largest deals, have suffered severely from order cancellations as the recession has affected sectors on which the leasing business relies.

Mr Hassell said aircraft leasing, computers, car fleets, and office equipment had been among those most depressed.

4

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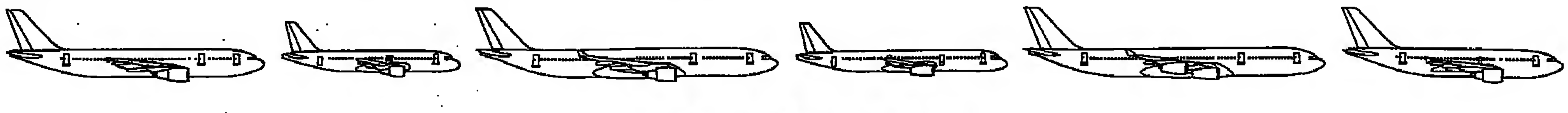


AIRBUS INDUSTRIE

King condemns Labour over Trident fleet

By Ivor Owen, Parliamentary Correspondent

FAILURE by a Labour government to authorise a fourth Trident submarine would threaten the effectiveness of Britain's nuclear deterrent and deprive 4,000 VSEL workers at Barrow-in-Furness, Cumbria, of their jobs, ministers said in the Commons yesterday.

Cabinet members rarely participate in Friday debates and a 47-minute speech by Mr Tom King, defence secretary, opening a sustained attack on Labour's "unrealistic" nuclear policy, underlined the government's determination to make it a big election issue.

While reaffirming Labour's view that a three-strong Trident force would provide an adequate nuclear deterrent, Mr Martin O'Neill, shadow defence secretary, refused to say whether an order for a fourth submarine placed by the government would be cancelled.

He insisted that a decision must depend on the progress made in building the vessel and whether penalty clauses would make cancellation more expensive than completion.

Mr Archie Hamilton, armed forces minister, said that an immediate decision to cancel the fourth submarine would save £400m. Cancellation immediately after the coming general election would produce "very substantial savings".

Mr Hamilton contended that it was safe to assume that a Labour government would not proceed with a fourth Trident submarine.

Conservative backbenchers joined with Mr King in questioning whether Labour's commitment to retaining Britain's nuclear deterrent – the result of a political somersault – would be sustained.

He emphasised that 75 per cent of Labour MPs who would be seeking to retain their seats at the election had anti-nuclear backgrounds, including Mr Neil Kinnock and 15 other shadow cabinet members.

Mr O'Neill said Labour's change of policy reflected the views held by the majority of its members throughout the country. It followed indications that the Soviet Union was not interested in using a bilateral agreement with Britain as a precursor to wider nuclear disarmament.

Mr John Major, the prime minister, described Labour's policy on the retention of Britain's nuclear deterrent as "incredible" in an exchange of correspondence with Mr Gerald Kaufman, the shadow foreign secretary. The prime minister recalled Mr Kinnock's earlier statement: "There are no circumstances when I would order or permit the firing of a nuclear weapon."

HK arm closer to being sold off

By Angus Foster in Hong Kong

HONG KONG moved a step closer to resolving the difficulties of Bank of Credit and Commerce International (Hong Kong) yesterday when the government's provisional liquidator signed a provisional agreement on selling the stricken bank.

The agreement is subject to several conditions, including approval by the Commissioner of Banking and by depositors holding at least 75 per cent of the bank's deposits.

Even so, the announcement was welcomed by government officials as a sign that the sale, which has looked in doubt several times, was still possible. Mr Noel Gleeson, the provisional liquidator, said: "I am cautiously optimistic."

Under the agreement, the Hongkong Chinese Bank, part of the Lippo group, of Indonesia, would set up a new banking company with an issued share capital of HK$400m (£29m) into which the assets and recorded liabilities of BCCI(HK) would be transferred. Unrecorded liabilities would be covered by a guarantee from Abu Dhabi, although precise details remain unclear.

Small depositors and trade creditors would receive deposits in full. Depositors with more than HK$100,000 will receive 45 per cent of their money in the first year and 40 per cent over two more years.

Ashley Ashwood

Keith Vaz (centre, with two former BCCI branch managers) said he had met the bank's founder in Pakistan recently

Depositors may receive 40 cents in $

By David Lascelles and Ralph Atkins

DEPOSITORS and creditors of Bank of Credit and Commerce International may receive 30-40 cents in the dollar under a liquidation plan being negotiated with Abu Dhabi, the bank's main shareholders.

That is considerably more than the figure of 10 cents in the dollar which liquidators estimate they would receive in the normal course of events.

Details of the plan are to be announced next Tuesday. They are expected to involve Abu Dhabi in putting up cash in exchange for waivers of legal claims against it. The assets of BCCI and its many subsidiaries would be placed in a pool to avoid competing claims. Negotiators do not expect to have the deal signed until the end of this year. That means it will not be ready by the postponed liquidation hearings, which are scheduled for December 2. The liquidators intend, however, to ask for a further postponement until early January. Abu Dhabi will support the request.

BCCI was shut down by regulators in July for alleged fraud. The losses are still being estimated, but are expected to amount to billions of dollars.

Mr Keith Vaz, Labour MP for Leicester East, who has just returned from a visit to the Gulf, said yesterday that he believed the ruler of Abu Dhabi had been closely involved in negotiations between his government and the bank's provisional liquidators. As many as 50 British former employees at the Bank of Credit and Commerce in Abu Dhabi are being prevented from returning to the UK even though they had no criminal involvement in the bank's collapse.

The Foreign Office confirmed last night that 65 former BCCI employees with British passports had been told that they could not leave the United Arab Emirates pending investigations into who owed money to the bank and who was owed money by it.

It said, however, that those who had been found not to be in debt had since been allowed by the Abu Dhabi court receiver to leave. It was unable to confirm how many were being forced to remain.

Returning from a trip to Abu Dhabi and Pakistan, Mr Vaz said 40 or 50 former BCCI staff were without passports. They were facing problems with accommodation and their families in the UK were unable to claim income support.

"We had a meeting with them very late on Tuesday night and we asked them whether they wanted to stay or return and they unanimously wanted to return," Mr Vaz said. They were not in the same category of the 18 being former BCCI staff being held at the police club in Abu Dhabi and who may face charges.

Mr Vaz said that in Pakistan he had met Mr Agha Hasan Abedi, former president and founder of BCCI, who he said was prepared to give evidence to the Bingham inquiry into the bank's collapse.

Manx chief minister re-elected

By Sue Stuart

MR MILES WALKER, chief minister of the Isle of Man for the past five years, was re-elected on Thursday with a greatly increased majority in the island's general election.

Eighteen of the 20 members of the House of Keys, the lower house of the Manx parliament, who stood for re-election, regained their seats, including all former ministers.

The Isle of Man, a self-governing Crown dependency, is governed by the Tynwald, its full parliament, which dates back more than 1,000 years.

The 24-member House of Keys meets to select its chief minister on December 10, and Mr Walker is expected to remain in the post. The chief minister will choose up to nine ministers from among members of Tynwald.

The election, for 24 seats, was contested by 73 candidates. Turnout was nearly 70 per cent. Four members did not stand for re-election and Mr Richard Leventhorpe and Mr John Orme lost their seats.

The single transferable vote system, introduced amid controversy for the 1986 election, was this time combined with an option to vote for only one candidate. In Mr Walker's constituency, it took returning officers 5½ hours to decide the three elected members out of eight candidates standing in a constituency of 6,000 people.

Export rise in October fails to arrest falling trend

By Peter Norman, Economics Correspondent

THERE IS little to cheer about in yesterday's trade figures for October.

The decline in the "headline" visible trade deficit to £801m last month from £902m in September reflects substantial upward revisions to the September deficit rather than an improvement in the UK's trading performance.

True, goods exports increased by about 1.5 per cent in value to £8.7bn between September and October while imports were virtually unchanged at £9.5bn last month. Yet exports, whether measured in value or by volume, less oil and erratic items, fell by about 0.5 per cent during the three months to October compared with the previous three-month period.

Imports, meanwhile, moved upwards. In crude value terms, they rose by 2 per cent in the latest three months compared with the preceding period. When stripped of the figures for oil and the "erratics" (which comprise ships, aircraft, North Sea installations, precious stones and silver) imports were up 0.5 per cent in value and 1 per cent in volume in the latest three months compared with the three months to July.

Yesterday's news prompted City analysts to suggest that the current-account deficit for this year could be somewhat higher than the £6.5bn forecast in the government's Autumn Statement earlier this month. There was no sign of exports picking up, as they must if the Autumn Statement forecast of 7.25 per cent real growth in UK merchandise exports for next year is to be met.

The figures "are not good news for somebody who is hoping that the economy will recover," said Mr Peter Spencer, UK economist of Shearson Lehman Brothers in London.

Officials at the Central Statistical Office said yesterday that there was "no clearly discernible trend" in the volume of imports and exports, but that did not mean that they were "flat".

Nevertheless, they admitted that the June figures, when the UK recorded a £137m surplus on its trade in manufactures and achieved a £93m current-account surplus, now "looked like a bit of a freak".

Volume imports of basic materials, fuel, chemicals and intermediate goods have all fallen since August, when there was a surge of buying abroad by UK companies, which appeared indicative of economic recovery.

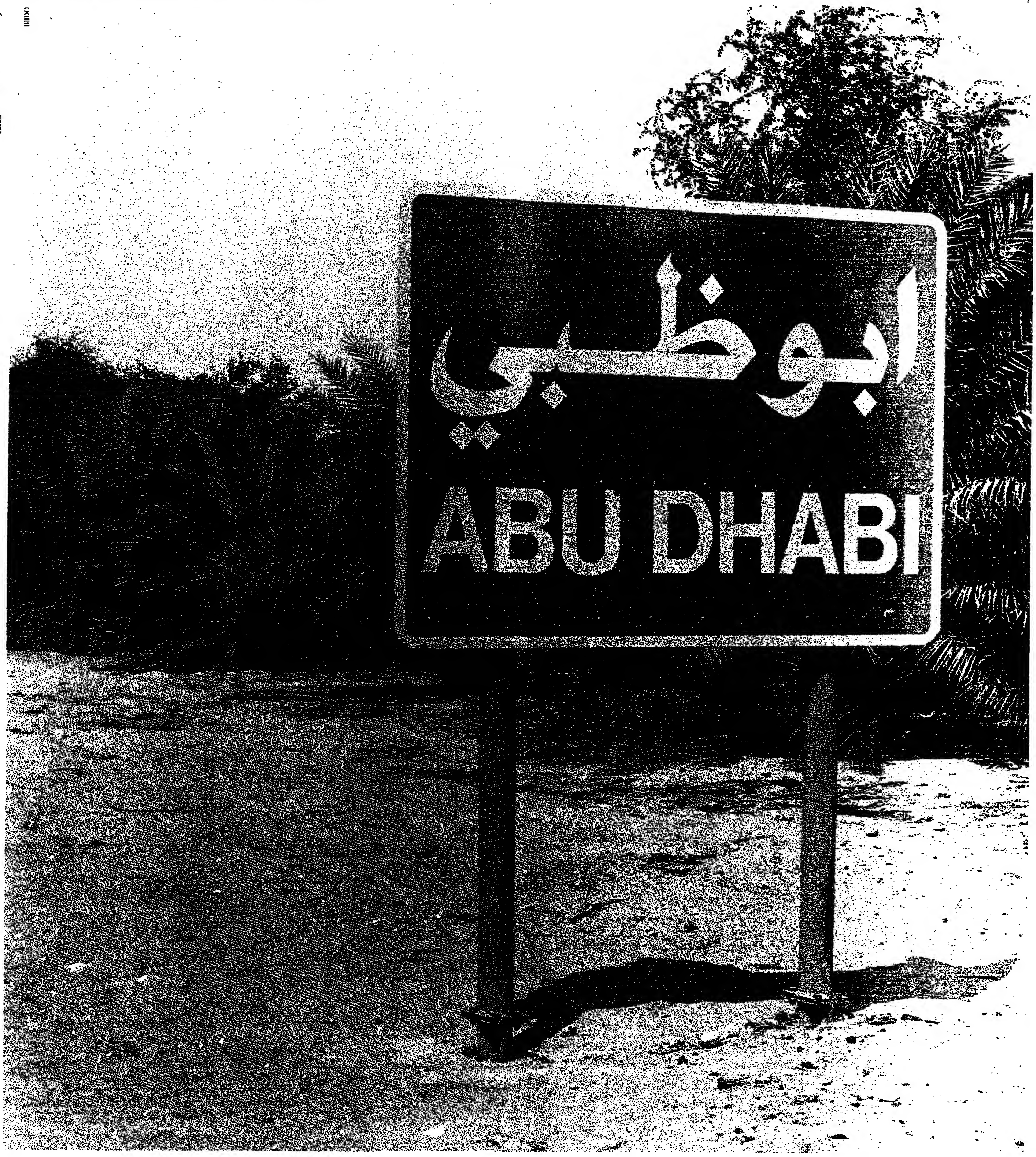
The export picture has been mixed since August. Passenger car exports have picked up from a weak performance in that month. However, car exports in the latest three months were 17 per cent lower in volume terms than in the three months to July.

CURRENT ACCOUNT (£bn)

	Current Balance	Visible Trade Balance: Total	Visible Trade Balance: Less oil and erratics	Exports	Imports	Invisibles Balance
1989	−20.4	−24.6	−27.5	92.4	117.0	+4.2
1990	−14.4	−18.7	−21.1	102.0	120.7	+4.3
Qtr 3	−2.2	−4.0	−5.0	25.3	29.4	+1.8
Qtr 4	−1.9	−3.2	−3.9	25.7	28.9	+1.3
1991						
Qtr 1	−2.6	−3.0	−3.6	25.0	28.0	+0.4
Qtr 2	−0.8	−2.1	−2.8	26.1	28.2	+1.3
Qtr 3	−1.7	−2.3	−3.5	26.5	28.8	+0.6
May	−0.5	−0.9	−1.1	8.5	9.5	−0.4
Jun	+0.1	−0.4	−0.8	9.1	9.4	+0.4
July	−0.4	−0.6	−1.2	8.8	9.5	+0.2
Aug	−0.6	−0.8	−1.2	9.1	9.9	+0.2
Sept	−0.7	−0.9	−1.2	8.6	9.5	+0.2
Oct	−0.6	−0.8	−1.0	8.7	9.5	+0.2

Invisibles for July to October 1991 are projections. Figures are seasonally adjusted, and due to rounding may not add up. Source: CSO

Manx chief minister re-electe



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Weekend November 23/November 24 1991

The nervous nineties

THIS WAS a nervous week both for markets and for governments. Stock market falls dominated the beginning; the exchange market dominated the end. Not so long ago the consensus view was that next year would see a more synchronised world economy, but one with steady growth. It still seems likely that the major economies will converge, but on disappointing growth.

When the Dow Jones Industrial average fell by nearly 4 per cent last Friday, the question was whether, and where, the other shoe would drop. In the event, subsequent declines were modest. Overall, the major markets all ended the week about 4 per cent lower than on Thursday of last week.

The adjustments appear reasonable in the light of the unfolding evidence of sluggish recoveries in the US and the UK, along with slower growth in Japan. With the ratio of stock prices to corporate earnings for the total US market close to the levels previously seen just before the crash in 1987, US shares were fairly priced only on the assumption of a rapid recovery in profits.

London was less vulnerable, with the ratio 20 per cent below its 1987 peak, but it was 50 per cent above its trough of a little over a year ago. In Tokyo the price-earnings ratio was already down by a third from its high point in 1987, although 30 per cent above its trough in September 1990 and at stratospheric levels by the standards of ordinary markets.

The question then is not why the markets fell. Nor is it why they fell swiftly: that, it appears, is what downward adjustments in stock markets are like. The question is whether there is more to come.

One reason for believing that markets are not fundamentally overvalued is that some recovery in profits should be under way in the Anglo-Saxon economies. Another is that the gaps between bond and dividend yields are very much smaller than in 1987.

Reasonable growth

Yet this is not quite a case of all's well that end well. Investors are nervous about the prospects for the world economy, and understandably so. Recovery in the Anglo-Saxon economies and reasonable growth in the rest of the industrial world remain likely. The fear, however, is that governments would do little if events did not turn out as hoped.

In the European Community, an expansionary monetary policy is blocked by the consequences of German unification, as the French discovered when forced to raise short-term interest rates by half a percentage point earlier this week. Furthermore, economic and monetary union already casts a shadow over the fiscal policies of almost all European countries, notably Italy. Germany, too, has no choice but to follow restrictive monetary and fiscal policies. Meanwhile, the US has fired off most of its monetary arsenal, while its room for fiscal manoeuvre is limited by the legacy of the structural budget deficits of the 1980s.

Spending proclivities

The one government that does have room to act is Japan's. But, with the Bank of Japan determined to avoid a whiff of further asset price inflation and the Ministry of Finance equally determined not to pander to the spending proclivities of the politicians it despises, little can be expected. Japan tightened its monetary policies too slowly; it is now loosening them too slowly. One consequence can already be seen in the surging external surplus.

Investors might do more than wonder what governments would do if things were to go wrong; they can also envisage more than a few things that could go wrong. What, for example, is one to make of the newly born Union of Squabbling States? Worse, governments may try the alternative to doing nothing, which is doing things that are downright harmful. Bashing Japan over its surplus is an old folly. But when the legislature of the world's leading capitalist country starts talking of imposing a legislative cap on rates of interest on credit cards, investors are entitled to get jittery.

Their jitteriness also shows up in exchange markets. As prospects for real returns deteriorate, so does the attraction of the dollar and the pound sterling. Sterling is now only a little over seven pfennigs above its floor against the D-Mark and three pfennigs above the floor set by the declining Spanish peseta. The US authorities can choose to do nothing about the dollar. The British authorities cannot be as relaxed about the pound. They may give thanks that sterling is still in the broad band. But they know that its floor will have to be defended.

For politicians, all this is very uncomfortable. But it is not just politicians who may find the coming year disturbing. The Anglo-Saxon economies are trying to trade their way out of debt. The European economies are trying to live with the consequences of German unification. The world is trying to manage the disintegration of the Soviet Union. Hold on for the nervous nineties.

The Soviets are looking to the west as their saviour, says John Lloyd

Vacuum at the centre

Two events in the past week – the appointment of Mr Eduard Shevardnadze to his old post as foreign minister, and the agreement between the Group of Seven representatives and eight of the 12 Soviet republics on debt repayment – point up a new phenomenon: that of political dependence. Those who struggle to govern both the union and the republics are now on their knees: they need the west not just for material assistance but for leadership and authority. The west has ceased to be the enemy: it has become a life-giving donor of blood.

Mr Shevardnadze has been greeted by a chorus of joy in western capitals, by blank indifference at home. His many interviews in the first days of his new term were directed to one theme: the near hopelessness of his country's economic situation, the imminence of a new and more serious coup, and the dependence of the Soviet Union on external support to save it from disaster.

The debt relief package with the G7 group of leading industrial nations allows deferral of about $3.6bn in repayments due to the west between now and the end of the year. It looked, to many Soviet citizens, rather like the west trying to ensure it got some of its money back before a more complete disintegration led to default. Just as important is the fact that the republics agreed to undertake structural reforms under the tutelage of the International Monetary Fund: "Adult education to help these republics enter the world economy," as one western diplomat put it.

Adult education classes are now much in vogue, not just for the economy, but also in law, inter-ethnic relations, commercial practice – even defence. The Soviets' renowned prickliness over any real or accidental intrusion into their sovereignty has suddenly been replaced by an urgent demand that intrusions be made in all spheres of life.

It is a common belief among officials and intellectuals that their institutions – the hopelessly divided Moscow city council, or even the union and republican parliaments, supposedly the harbingers of democracy – are at best inefficient, at worst beneath contempt. Added to this, they see their own national psychology as being potentially hostile to pluralism and unable to buckle down to regular and honest work.

They insist that the effort of foreign governments – led by the EC and Germany – to find Soviet mechanisms for distributing the food parcels which form an ever-larger part of the Soviet citizen's diet, is useless because of pervasive corruption. "When aid is brought in it must be distributed by western agencies right down to those who receive it," says Andrei Feodorov, a former deputy foreign minister of Russia and now an adviser to Mr Alexander Rutskoi, the Russian vice-president. "If that isn't done, half of it at least will disappear."

The Russian constitution was drawn up with its drafters arguing as to whether the US, the French or German constitutional practice was the better to follow. The huge defence industry, a shrine never entered by a foreign body, is

President Gorbachev is looking to the west for a helping hand to fill the Soviet Union's current leadership vacuum

now displayed to every passing western entrepreneur or army general, and an open invitation made to buy chunks of it. Mr Sergei Stepashin, head of the Russian parliament's security committee, wants Russia to apply for Nato membership next year so that Nato armies can guarantee Russian security and assist in the conversion of military plants to civilian use.

Many senior political figures, most of them former communists, draw a parallel with Germany and Japan in 1945: beaten (in this case in an ideological rather than an actual war) and dependent on western institutions, money and intervention to reconstruct them. Said one official near the top of the Soviet power structure: "You (the west) have for decades talked about how you want democracy and the market here. Well, now you have it. You must now help us run it; we have little idea."

The senior official, who would not be named, is angered by the west's hesitancy in stepping in. For him, the obvious course is for the west to hold out the prospect of financial support for specific programmes – such as one to make the rouble convertible – but to lay out a list of conditions for the release of cash. The most important of these conditions would be the preservation of enough of the union to prevent an endless division and subdivision of the territory, and with that the loss of control over nuclear weapons, the economy and migration.

In his view, the west is ignoring its own long-term economic and security interests: by not preventing disintegration now, while it still can, it is creating a much larger and more explosive Yugoslavia with which it will have to deal when conflict becomes general and refugees start heading for western Europe.

It is a common perception, especially at the top of the power structures. Last Friday Mr Anatoly Sobchak, mayor of St Petersburg, gave an emotional interview to a visiting US delegation of scholars and business people. He said that he had seen a stream of ministers from the west, had invited them all to come to his city and reorganise its production, distribution and exchange – only to see them blanche and mutter excuses. He cannot understand why western governments and companies do not accept his explicit offer to take over large parts of his city's commercial life.

Further, Mr Sobchak thinks the west is making a vast strategic blunder in encouraging the nationalist aspirations of republican leaders. He cited the example of Mr Narsultan Nazarbayev, the Kazakhstan president, who was feted on his visit to London earlier this month. "Don't you realise what you are doing?" he asked. "Don't you know what it means when we fall apart – for you as well as us?" Like Mr Gorbachev and Mr Shevardnadze, Mr Sobchak sees the disintegration of the union as being a danger both to the country and to the world.

The desire for an external prop to prevent this collapse has so far met little positive response. The west, fascinated and fearful over the scale of Soviet dissolution, has sent teams of advisers and economists to Moscow to ask questions, offer technical assistance, talk about aid. At the same time, it withdraws from further engagement at the union level.

Insofar as foreign countries and the international agencies have taken a collective view, it is that they should not any longer try to use influence, or material help, to keep the union together – believing ever more strongly that it is doomed. Officials from the International Monetary Fund and the World Bank are establishing offices in Moscow, drawing up studies and organising a $30m technical aid programme primarily in agriculture. But they stress that they are operating more with the republics than with the centre. Mr Lewis Preston, chairman of the World Bank, who was in Moscow for a series of meetings this month, said that "90 per cent of our business will be at the republican level" – and stressed he was neutral as to where power should lie.

To the Soviet plea that because there is chaos, the west should intervene, the west responds that it cannot properly assist because of the chaos. Having agreed in Madrid this month with President Gorbachev that he would receive more aid, President Bush had to pull back from announcing it because US officials could not determine to whom to give it. Meanwhile, Mr Bush receives visiting presidents from the republics – Mr Levan Ter-Petrosian, president of Armenia, told him last week that "the assistance that the west has given in the past has been used by the centre for its own political objectives ... whatever central authority exists in the future cannot guarantee an equal distribution of those supplies and assistance".

For many citizens of the Soviet Union, their country is an impoverished orphanage inhabited by cruel children over which no adults exert any effective supervision. Their constant complaint is that having willed the end of a repressive but internally stable system, the west refuses to find the means through which the country can be revived.

Those who are "westernisers" – most of the prominent democrats – often feel betrayed: Mr Yeltsin spoke for many when he said, in a recent interview with Der Spiegel in advance of this week's trip to Germany, that aid was always being promised, but little seemed to arrive. They warn that those who still hate the west, or who are swaying that way because of the failure of the westernisers to do other than make material life much worse, will soon have no effective opposition. As the bread queues lengthen and the winter cold deepens, this is hard to dismiss as a hollow warning.

Precious figures

Kenneth Gooding looks at official Soviet gold reserve statistics

For more than half a century the Soviet Union has closely guarded all official statistics about its gold production and reserves. Now this veil of secrecy has been swept aside and President Mikhail Gorbachev has authorised the finance ministry to release them.

They show that Soviet gold reserves have dwindled away to virtually nothing.

Instead of the 1,500 to 2,000 tonnes of gold most western analysts expected, the ministry says it will have only 240 tonnes left by the end of this year. Another 150 tonnes is held in western banks as collateral for loans.

The figures also indicate that the Soviet Union, now the third-largest producer after South Africa and the US, sold about 650 tonnes of gold during the past two years – or more than two years' production – thus helping to drive the price down to its present depressed levels.

The official disclosure, and the fact that the Soviets appear to be running out of gold, might have been expected to send the price up. But there has been no immediate reaction. This stems primarily from a perception in the gold market that the Soviet authorities are distorting the figures.

A spate of conflicting gold "disclosures" from various Soviet officials in the past few months is to blame. Mr Grigory Yavlinsky, the economist who drew up a market economy blueprint for the Soviet Union, startled a meeting of the Group of Seven (G7) industrial nations in October by mentioning the figure of 240 tonnes.

This was at odds with "official" statistics revealed in June at a Financial Times gold conference. Mr Alexandre Doumnov, deputy managing director of the international monetary and economic department of Gosbank, the Soviet state bank, put its reserves at 374.5 tonnes. (Mr Yavlinsky says those statistics were out of date.)

Yet some analysts take the latest statistics seriously, even though they were unveiled in a rather odd way – in a table to illustrate an interview with Mr Yavlinsky in Moscow News, a weekly newspaper. They note that the figures fulfil the finance ministry's obligation to open its gold books in line with the association accord between the Soviet Union and the International Monetary Fund.

When the G7 debt relief package (see John Lloyd's article, left) was agreed on Thursday, the gold price did move up because the market assumed that some of the pressure on the republics to make distress sales of gold had been relieved.

So what do the "official" figures purport to show?

By 1953, they suggest, at the end of the Stalin regime, Soviet gold reserves had reached 2,050 tonnes. Stalin's successors, Kruschev and Brezhnev, sold more gold than the country produced each year, mainly to prop up communist satellite countries. By 1985, according to the finance ministry, the reserves were below 580 tonnes. After restocking, they bounced back to 850 tonnes by the end of 1988. Since then, they have helped pay for perestroika and will soon be down to 240 tonnes.

Meanwhile, Soviet mines, which sent 300 tonnes of gold to the central authorities in both 1989 and 1990, will provide only 230 tonnes this year.

How far are all these figures to be believed? Mr Andy Smith, analyst at the Union Bank of Switzerland, points out: "There is probably no one in the Soviet Union who has seen enough of the truth to provide an authoritative contradiction to these 'official' numbers. And since these numbers fit the stories of most witnesses, there is no one who would wish to."

Mr Michael Coulson, of the Durlacher West financial services group, says: "You can't help asking whether the Soviets have stashed some gold away or whether some has 'leaked out' of the reserves via the Red Army or the KGB. But I have no doubt that the reserves are very low indeed."

Both observers suggest it is Soviet gold production figures that are more open to question, and might help explain why reserves are so low. They say the Soviet authorities might be trying to maintain that production is going smoothly because they do not want to reveal the extent of the chaos at the mines.

Many western visitors to Soviet mines have been appalled by what they have seen. Mr Pierre Lassonde, president of Franco-Nevada Mining, a Canadian gold company, recently returned from an inspection tour and said not one open-pit gold mines he saw was working. Equipment shortages were blamed.

"In general it takes about five pieces of Russian equipment to ensure one is actually working," he said. "The only reason they are able to produce is that they are paying slave-labour wages."

The highest-paid worker in the Soviet gold fields earns about 1,800 roubles a month. At the official conversion rate this is less than $50 a week, Mr Lassonde pointed out. Productivity is abysmal – in a six-hour shift, workers at the Karamaken underground mine in the Soviet east put in "no more than two effective hours a day", he said.

It is clear that the mines are in no position to replenish the depleted Soviet store of gold. So while some confusion remains as to where it went, there is little doubt that the reserves will not be built up again in the near future.

MAN IN THE NEWS

Jacques Delors

Blowing his top, but surely bluffing

By David Buchan

One of the journalistic joys of the Brussels beat involves watching Jacques Delors periodically blowing his top, like some political Vesuvius.

There is a pattern to these explosions. They tend to come in the run-up to EC summits, with the Commission president seeking to pile on the political pressure to get results. So, when – in a speech to the European Parliament on Wednesday – Mr Delors attacked the draft political union treaty as unworkable and crippling to the Community, it was hardly unexpected. There had already been such rumblings from the 13th floor of the Berlaymont. And with the Maastricht summit barely two weeks away, out came the lava.

But the stakes are far higher at Maastricht than at any summit in Mr Delors' seven years at the helm of the EC executive. One of the prizes is economic and monetary union (Emu), for which Mr Delors has so long schemed. Among the goals in European political union (Epu) are a common foreign and defence policy, for which Mr Delors, both as Commission president and Frenchman, has strived equally.

Would he really throw away such prizes, simply because a majority of the Twelve prefers to conduct foreign and internal security business through direct inter-governmental co-operation rather than through the Community's supra-national machinery? It seems barely credible.

But Mr Delors' thinly-veiled threat was that if, at Maastricht, references to the Community's "federal goal" were struck out, if some decision-making on foreign policy and immigration/asylum matters were not brought within Community competence, or if at least the muddle on taking common foreign policy decisions were not sorted out, then he might denounce the treaty.

So what? Mr Delors and his Commission have a voice, but not a vote on the treaty which is to be signed by governments alone. Yet denunciation from Mr Delors might well affect Strasbourg MEPs' view of the Maastricht treaty.

Neither, of course, is the European Parliament's ratification required for the treaty to come into effect; only that of all 12 national parliaments is needed. But the German, Italian and Belgian parliaments have said they will treat very seriously Strasbourg's views when they come to weigh ratification of any Maastricht treaty, if Strasbourg does not like it. So, by a kind of cascade effect, Mr Delors might be able to engineer the death of the treaty – if he really wanted to.

The Commission president's current frustration seems odd when compared to the omnipotence sometimes ascribed to him in Britain. To listen to the many Euro-sceptics speaking in this week's Westminster debate you would think the whole treaty negotiation had gone Mr Delors' way. Emu certainly has. With amazingly few serious exceptions, the blueprint on offer at Maastricht for a staged move to a single federal central bank and a single currency is that unveiled by the Delors committee in April 1989.

Epu, however, has escaped Mr Delors' control. This is largely his fault, but that does not lessen his frustration. The Commission's mistake was to produce proposals that were too radical and too late. By late spring, when the Commission came up with plans ranging from a mutual defence pact between the Twelve to the idea of direct EC taxes, the Luxembourg presidency has already turned instead to the Council of Ministers secretariat for help. Together they drafted the present scheme for a "Union" with three pillars – the first being the standard Treaty of Rome (encompassing Emu), and the other two pillars composed of special, largely inter-governmental rules covering foreign/security and immigration/asylum/judicial co-operation.

Reacting in fury, the Commission virtually broke off diplomatic relations with Luxembourg on Epu. And the sort of close Commission/Presidency working relationship that slipped the Single European Act through in 1985-86 was never re-established after the Dutch took over the EC Council chair on July 1. Whenever Mr Delors and Mr Hans van den Broek, the Dutch foreign minister, have shared a public platform recently, the tension between them has been almost palpable.

Behind Mr Delors' outburst is the assumption that foreign policy and internal security are the two areas where co-operative activity among the Twelve will show the most growth in coming years. These two areas will come under the Union, not the Community per se. Mr Delors' fear is that the Twelve are therefore about to create a Union that will come to dwarf a Community confined to economic matters. Giving the lie to accusations that he always serves French interests, Mr Delors is particularly and publicly hostile to the French plan for a mixed Congress of national MPs and MEPs. This idea, now creeping back into pre-Maastricht drafts, is for the Congress to meet several times a year to pronounce upon the thrust of Union foreign and internal policies. If the Union were to have any such semblance of democratic legitimacy, it would be here to stay, Mr Delors fears.

It is almost certainly far too late now for Mr Delors to redraw the design of Epu. But he is far from being without influence at summits. The leaders of certain smaller EC states – Belgium *par excellence* – always pay heed to what any Commission president, let alone the most successful one ever, says. The fact that Mr Ruud Lubbers of the Netherlands and Mr Felipe Gonzalez of Spain are, to varying degrees, potential candidates to succeed Mr Delors will influence their behaviour at Maastricht. Mr Delors' relations with the leaders of other smaller states – Ireland, Greece, Denmark – are more distant.

But he has one very big friend in Chancellor Helmut Kohl, with whom he was deep in telephone conversation yesterday. Mr Delors' relations with President François Mitterrand are very complex and could, in the Commission president's own words, "fill several tomes". But the French leader would scarcely want to risk a public break with a man who might be a very convenient successor to Prime Minister Edith Cresson in the not-too-distant future (albeit not one who he would necessarily want to see in the Elysée one day). Even with Prime Minister John Major there has been a very considerable personal, if not political, rapprochement since the Thatcher era.

If his track record is anything to go by, Mr Delors will push very hard at Maastricht to retain in the treaty some vision of a federal future, and to clarify what he is right to regard as serious muddle in the areas of foreign policy-making and of legislative procedures. But in threatening to denounce what will be, by any account, the biggest advance in the Community's history, he is surely bluffing.

James Buxton and **Karen Fossli** on the rise and fall of Norway's salmon fishing industry

Hard times for the king of fish

Salmon, the king of fish, is not having a happy time this winter. For the people who run Norways's once-lucrative salmon farming industry have decreed that millions of the fish in the fiords of Norway should not be fed for five weeks ahead of being slaughtered next year.

"By not feeding them we are trimming about 10,000 tonnes off our salmon production for next year," says Mr Odd Steinsboe, the former boss of the organisation which until it went bankrupt last week handled Norway's salmon sales.

Starving the fish is one of the steps the authorities are taking to deal with a glut of farmed salmon that has over the past few months contributed to a growing financial crisis in Norway. After years of investment in the industry that made the country the leading farmed salmon producer in the world, prices have collapsed, leading to big loan losses on the part of the country's banks, which lent heavily to the salmon industry in recent years.

Last week the Norwegian government stepped in with an interest-free loan to the banks – whose advances to the industry are about as big as its Nkr5bn (£440m) turnover. And a subsidiary of British Petroleum, which is the largest supplier of fish feed to the industry and is also heavily involved in the Norwegian oil sector, has agreed to help by trying to find buyers for 32,000 tonnes of frozen Norwegian salmon.

This is the story of a boom and bust that has already bankrupted hundreds of Norwegian fish farmers. The resulting glut has hit Scottish and Irish salmon farmers, too, and led to a trade dispute between Norway and the European Community. But it has also helped make what was once a luxury product one of the cheapest fish in the supermarket.

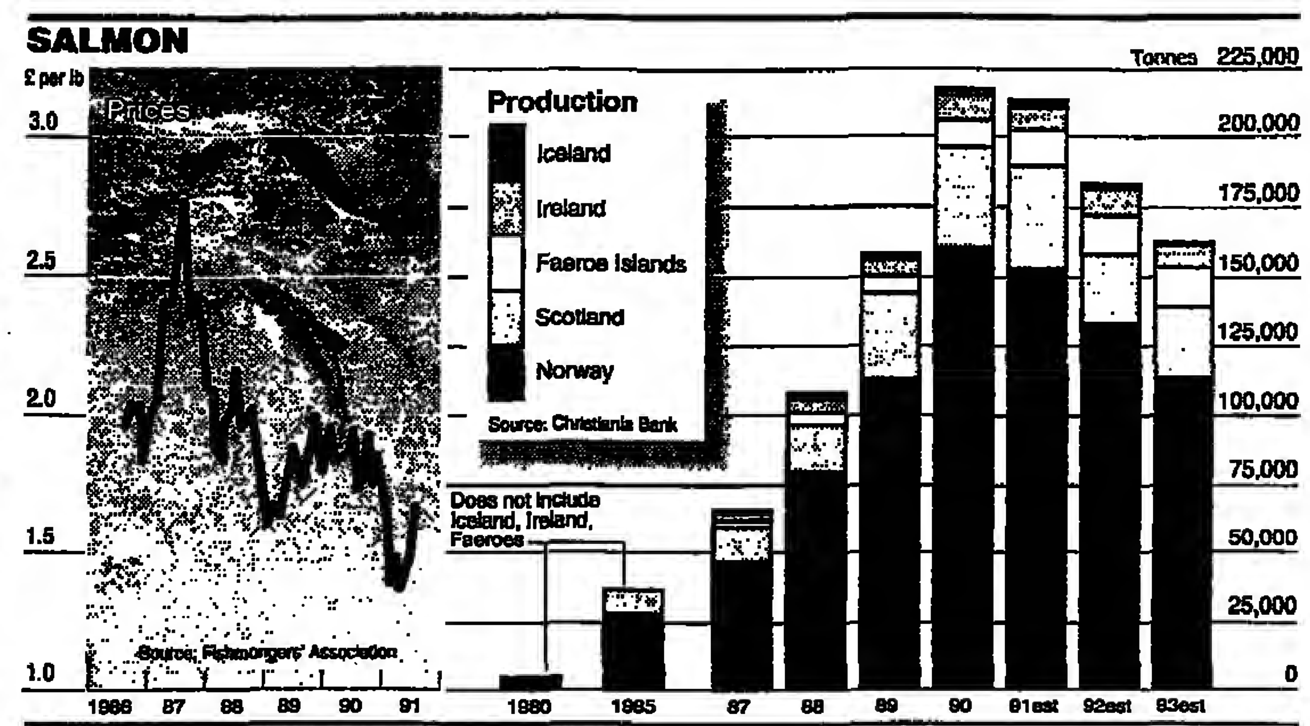
This latest indignity for the noble salmon is the result of a surge in Norwegian salmon production dating back to the mid-1980s. Norway pioneered salmon farming in Europe, creating an industry which, like its later imitation in Scotland, was ideal for remote settlements along the jagged coastline.

In 1985, when Norway's salmon production had reached 28,000 tonnes a year, the government substantially eased restrictions for the issue of licences for smolt farms and on the size of fish farms in a move designed to boost the rural economy of western Norway. (Smolt farms are the freshwater establishments which nurture young fish until they are transferred to cages in the sea. It takes three years to produce a fully grown salmon.)

At the time, salmon prices were high and salmon farms were making some of the best returns on capital of any enterprise in Norway. Lending curbs on the banks had also been eased, interest rates were low and borrowers received tax concessions. The banks treated the new licenses as security for loans and the number of smolt farms soon nearly doubled to 370.

"I forecast doom at the time – I said it would lead to overproduction," says Mr Steinsboe, who had earlier set up the Norwegian Fish Farmers Sales Organisation (known in Norway as FOS) through which all sales of farmed salmon had to pass. "People who received the loans immediately became krone millionaires [One pound equals 11.3 Norwegian krone]."

The industry developed on the hope that consumption would rise.



The rapid growth of smolt farms led to the creation of new capacity for raising salmon in the sea and production increased to 115,000 tonnes by 1989. Thanks to developments in the European retail industry salmon moved from the fishmonger into the supermarket and by 1990 consumption had quadrupled.

But in 1989 with Scottish and Irish farms also building up production, the market collapsed. Although FOS cut its official minimum price by 16 per cent, Scottish salmon farmers continued to accuse some Norwegian exporters of selling below the official price and of dumping – selling at below the marginal cost of production. For Norway, an Efta member keen for closer economic relations with the EC, this was serious.

Accustomed to regulating markets, FOS, the banks and the salmon exporting companies established an intervention buying system at the end of 1989. This involved FOS guaranteeing to buy salmon at a minimum price of about NKr36 per kg and levying NKr5 per kg from the farmers on all fish which it sold. The levy went to help fund a large programme of freezing surplus salmon.

Some 23 per cent of Norway's 1990 production of 163,000 was frozen and most of it later fed into Norway's usual EC markets to smooth the seasonal peaks and troughs. But the odds against this attempt to combat the laws of supply and demand were lengthening – in fact it made matters worse because the existence of a guaranteed price actually gave farmers an incentive to produce fish for freezing.

Two abnormally warm winters meant that the fish in cages in the fiords continued putting on weight throughout the year; Norway's 1991 output is likely to be almost as great as last year's. In February this year the US imposed a 26 per cent import duty on Norwegian salmon, alleging dumping. Norway thus lost a market for 12,000 tonnes a year. The Gulf war hit demand in Europe.

Some farmers, under pressure from banks to service their loans, sold illegally outside the official system, accepting a lower price from exporters but avoiding the Nkr5 levy. As some Norwegian salmon turned up on European markets at up to 30 per cent below the official price, Britain and Ireland stepped up their charges of dumping.

FOS, its intervention price increasingly flouted, became insolvent. It had borrowed NKr1.6bn for this year's freezing programme but was unable to sell all the fish. From June this year onwards FOS was unable to pay the farmers, about 200 of whom have gone bankrupt in the past 23 months.

Finally, earlier this month, the Commission, tiring of Norway's tardiness in putting its house in order, set a minimum import price for Norwegian salmon sales to the EC. The price is equal to Norway's official export price and should combat the illegal circumvention.

Last week FOS declared itself bankrupt with gross debts of more than NKr2bn; at the same time the government advanced NKr400m to the banks to set up a new company to deal with the frozen stock. This "salmon glacier", originally intended to stabilise the EC market, had become a source of instability; at Commission insistence Norway agreed to sell the frozen stock to countries outside the EC who would be prohibited from re-exporting it to the EC, a task the banks handed on to BP. The banks also agreed to write off NKr280m of the farmers' debt and pay them at least half the money owed by FOS for the frozen salmon. One effect of this settlement has been to force up prices in the crucial pre-Christmas period.

Now, as the snow gathers in Trondheim outside the deserted offices of FOS, the Norwegian fish farming industry, suddenly without a sales organisation, is contemplating whether to create new marketing structures – though anything as monopolistic as FOS would be unacceptable to the EC – or accept the case, strongly advocated by the larger farmers, for a free market.

The Norwegian government sheds few tears for FOS. "It had outlived its usefulness and was wielding too much power," according to a senior official at the fisheries ministry. "The salmon farmers received signals from FOS which made them believe that they could continuously raise production. I don't think that we will see a new monopoly sales organisation established."

In any case, like other businesses hit by a commodity cycle, the salmon industry may be on its way to finding a new equilibrium. With the temporary ban on feeding salmon, more bankruptcies in the pipeline and smolt being bought up and killed, Norwegian production is at last falling. It should go down to 135,000 tonnes next year and 115,000 tonnes in 1993.

The irony is that, with catches of wild salmon in the Pacific also falling, Europe may actually face a shortage of salmon and higher prices in 1992. Because of their financial weakness, the Norwegians may be cutting back just when the market is going to start wanting their salmon again.

A sporting chance in Japan

Stefan Wagstyl looks on as big foreign shoulders meet big money

The Japanese may no longer be able to buy so many Picassos, French chateaux or New York skyscrapers. But when it comes to sport, they can still afford the best.

Gary Lineker, the England football player who this week agreed to forsake the London club Tottenham Hotspur for Nagoya Grampus 8 – a club in a staid industrial city 200 miles from Tokyo – is the latest in a line of foreign sports celebrities to be lured to Japan.

When Lineker arrives in Japan he will find Zico, the former Brazilian international who left the beaches of Rio de Janeiro for Kashima, a gloomy steel town on the edge of Tokyo. The Argentine star Diego Maradona would almost certainly have joined them, but for his conviction for possessing cocaine.

The Japanese have long been willing to pay top rates for foreign sports talent – mainly in baseball, but also in basketball, rugby and golf. Big Japanese companies collect teams the way they collect art – and stars like Lineker rank as high as Modiglianis.

The hirelings are watched out of fascination at a level of physical prowess which even the best Japanese players can rarely match. The sight of a

> 'It is very, very boring to run up and down a gym for three hours like some lads do'

huge American batter swinging at a baseball pitched by a diminutive Japanese – and knocking it out of the ground – still thrills the crowds, even though the spectacle was first staged in Japan before the Second World War, when Babe Ruth led a team of US all-stars across the Pacific.

Admiration is tinged by envy at the $1m-plus salaries which the top US baseball stars command. For a few of them, it seems to be the sole attraction. Warren Cromartie, one of the most successful Americans to play in Japan, wrote this year in a hit-and-tell autobiography that money alone had made him stay in Tokyo seven long years. He said even though he was adored by fans of his team, the Yomiuri Giants, he could not stomach the anti-foreigner prejudice he met.

To be fair, many foreign stars arrive in Japan with prejudices of their own. They resent the discipline that Japanese coaches impose and the often excruciatingly repetitive training sessions. "It is very, very boring to run up and down a gym for three hours like some lads have to do," says Peter McGuire, an American basketball player in Tokyo.

Japanese coaches answer that such exercises build team spirit. Few foreigners are in a position to argue, not least because their contracts empower the coach to levy large fines. Jim LeFebvre, an American who played baseball in Japan in the 1970s, is quoted in a book on Japanese baseball called The Chrysanthemum and the Bat. "Leave your major-league pride behind," he says. "Pretend you're a rookie at a minor-league camp. Try to learn the Japanese way."

Lineker will be in a stronger position than LeFebvre. Unlike baseball, professional soccer is in its infancy in Japan so the rules are still being established. Nagoya Grampus 8 is one of 10 founder-members of Japan's first professional soccer league which will start next year.

With the same sense of national determination which once characterised Japan's export drive, the Japan Football Association is promoting professional soccer to try to raise the standard of the Japanese game. It has also launched a campaign to host the 2002 World Cup with the slogan "Japan loves goals".

Big companies, which sponsor most of the country's amateur teams, have rallied round to benefit from the publicity a successful launch of professional soccer might bring. The backers of Nagoya Grampus 8 are Toyota Motor and 21 other companies.

Football association officials are well aware of the failed attempt to jump-start big league soccer in the US. They believe they will do better because baseball is Japan's only mass spectator sport. They also point to the rising popularity of youth soccer.

But, like the Americans before them, they will be relying heavily on imported talent. "I wish we could have a superstar in each of the 10 teams," says one official. Japan is not short of candi-

> Unlike baseball, which has a history in Japan, professional soccer is still in its infancy

dates. Clubs have been inundated with self-promoting letters from players around the world.

The Japanese hope Lineker and other foreign players will raise the standard of local players to a level which will permit Japan to compete in the World Cup without suffering the embarrassing drubbings sometimes endured by its national rugby team.

Officials do not underestimate their task. Nearly 60 years after Babe Ruth's visit the standard of Japanese baseball is still annoyingly remote from American levels. But they took heart when the national soccer team this summer beat a jet-lagged Tottenham Hotspur 4-0.

Lineker, who played in the match, took the opportunity to visit Nagoya. His reaction on seeing the city has not been recorded. It is often regarded as the most boring place in Japan. Mr Shigeru Samata, manager at Nagoya Grampus 8, said the club would do its best to make Lineker feel comfortable. "We'll treat him properly. We have plenty of people here who speak English."

LETTERS

Cartelisation remedy for competition looks like a throw-back to 1930s

From Mr Michael Nevin.

Sir, Dieter Helm, Colin Mayer and Ken Mayhew are to be commended on their carefully argued article on competition policy in the 1980s (Personal View, November 20). But while many of the points they make about the limits of the market model are entirely valid, their central premise that "competition typically diminishes incentives to invest" seems breathtakingly sweeping and simplistic, and their proposed remedy of cartelisation in one form or another looks like a throw-back to the 1930s.

The evidence they adduce only weakly supports their central thesis. It is open to another interpretation – namely, that competition can stimulate investment where it acts as a spur to innovation. Innovations, which Joseph Schumpeter defined as the commercial application of new ideas and techniques, gives the entrepreneurs who promote them an edge over their competitors. They are thereby able to establish a (temporary) monopoly position and earn excess profits until imitators catch up.

This is what Schumpeter, von Hayek and other Austrian economists meant when they stated that monopoly profits were the fruits of enterprise, while perfect competition can only exist when there is no innovation. It also explains why sectors such as the drugs industry, telecommunications, aerospace and financial services can be characterised by fierce competition, high rates of investment and high rates of profit all at the same time. In sectors characterised by a rapid rate of innovation, firms have to maintain high investment rates if they are to avoid being squeezed out; but if they succeed in doing so, they can enjoy high profitability.

Attempts to restrict competition in these sectors in an effort to encourage investment could suppress this process of creative destruction which is the mainspring of capitalist progress. On the other hand, where economic competition does not act as a spur to innovation, the extension of competition may cause reductions in investment as firms seek to cut costs in an effort to survive. These sectors include education, training and pure research and development, which Schumpeter emphasised must precede innovation and are not part of the innovatory process.

Here, Helm et al are right to argue that the British government of the 1980s tested the limits of the market mechanism. Public funding for investment in training and R & D is necessary because the benefits accrue to the whole economy.

Michael Nevin
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Threat of disorderly markets

From Mr J R L Cuningham.

Sir, Lex underlines the growing problems with the ERM ("Currencies", November 20), but perhaps in a wider context the most interesting question is for how long the yen will allow itself to be effectively tied to the US dollar. The attempted linkage goes back to the summer and has so far proved effective, preventing the yen capitalising on the potentially very strong technical position which had developed, particularly against the main European currencies.

The link has allowed sterling to survive potentially strong downward pressure against the yen, but the time looks to be fast approaching when the strains of maintaining the dollar/yen link will become too great and the threat of disorderly currency markets generally will become very real.

J R L Cuningham,
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Fax service

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Hypocritical

From Mr N J R Mullan.

Sir, Coming from someone who did not allow her Cabinet, let alone the people, to speak, I find Mrs Thatcher's conversion to holding a referendum distinctly hypocrotical.

N J R Mullan,
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Educational pecking order and crisis in mathematics teaching

From Mr David Brancher.

Sir, In his article on the emerging pecking order in higher education ("The era of campus competition", November 19), Andrew Adonis describes a sort of market, but a highly imperfect one. Government perceptions of quality are unreliable, and student perceptions even more suspect.

As always, the requirement for market efficiency is information. The future universities which are now polytechnics have consistently outplayed all but a few of the present universities in their innovative approach to teaching. Each case is now being marked and made public.

As this enters the consciousness of school-leavers and employers, we shall see a pecking order based on the quality of education rather than on the reputation of research. Many companies, anxious about the quality of their graduate recruits, are playing their part in this.

David Brancher,
The Partnership Trust,
8 John Adam Street,
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From Dr Alan J Bishop.

Sir, your article, "GCSE coursework to be cut from next year" (November 21), failed to reflect the crisis now facing mathematics teaching, which will have a 20 per cent coursework ceiling. It is one of the three core subjects in the national curriculum and it is the most challenging to teach successfully. Coursework and modular developments over the past 10 years have shown that all pupils can be motivated to learn mathematics provided steady progress is maintained and assessed over the whole period of the GCSE course. Restricting coursework, which apparently means anything not tested in a final examination, will kill these promising developments at a time when the country is desperately needing all the mathematical skills it can get. Moreover, to do this when mathematics teachers are successfully exploiting exciting activities with graphic calculators and microcomputers is foolish. You just can't examine such IT work with simple timed tests. Why does this government insist on strangling important educational innovations?

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president,
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A xenophobic view of history

From Mr Brian Jarvis.

Sir, Your A-to-Z guide to the big Maastricht debate (November 18), if it shows anything, shows the writers' ignorance of history.

"W" may be for "Waterloo", but it was the scene of a victory over the French by two armies; a Prussian army led by Blucher and an allied army led by the Duke of Wellington which was certainly not all British as it also contained Dutch/Belgian troops, Brunswickers, Hanoverians and Nassauers. It was hardly a British victory over the French – rather a European victory over one common enemy.

It comes as no surprise that the following letter "X" is for "Xenophobia".

Brian Jarvis,
Ashanti,
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Chorleywood,
Herts

National Power: sympathetic, but not in business to offer subsidies

From Sir Trevor Holdsworth.

Sir, I am surprised and disappointed that you should continue to report the claims made by the Major Energy Users Council ("Call to split up electricity generating companies", November 19) without any attempt to balance these with the detailed rebuttal we have already given you, and which appeared in one of your earlier articles. It seems rather odd that you should choose to repeat the accusations and ignore the defence.

Large users of electricity were subsidised under special schemes. When these ended this April under the electricity industry's new legal framework, a handful of these consumers was faced with substantial rises. We accept that some of these large users face a problem where their competitors abroad receive subsidies. We are discussing their difficulties with them. But at the end of the day in a competitive market we cannot provide subsidies. The problems of those who seek them have to be addressed to government.

While pool prices have risen from last year's abnormally low levels, which were due to a combination of factors, they are still significantly below the government forecasts when the industry was privatised. They are also insufficient to recover the cost of introducing new plant on to the system.

Prices at these levels still do not recover even the avoidable cost of more than half our power stations. If we had to live off pool prices, we would have made a £250m loss over the past six months. In fact, virtually all our output is covered by contracts, which protect us against low pool prices and customers from pool price fluctuations. Indeed, more than 95 per cent of all electricity consumers are covered by contracts which are set at levels substantially in excess of current pool prices.

We have submitted our evidence to the director general of electricity supply's examination of movements in pool prices. We are confident that our bidding practices in the pool have been wholly proper. We have not abused our position in the market, and we have no intentions of so doing.

Trevor Holdsworth,
chairman,
National Power,
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London EC4

Brent Walker rescue may fail over Power objection

By Michiyo Nakamoto

THE RECONSTRUCTION of Brent Walker faced another possible hitch yesterday as Power Corporation, the Irish property developer with which it jointly owns the Trocadero development, broke off negotiations with it and its bankers over the termination of their joint venture company.

The move by Power came on the same day that the troubled leisure group posted its long awaited restructuring proposals to share and bondholders.

An agreement on the termination of the joint venture between Brent Walker and Power is one of the conditions that is required to be met for the restructuring proposal to be implemented.

The proposals, aimed at rescuing the business from collapse and signed by all the directors except Mr George Walker and his wife Jean, are set out in 200-plus pages and centre on the conversion of £250m of Brent Walker bank debt into 176m ordinary shares and 232.4m first preference shares. Lenders will end up with more than 50 per cent of the enlarged equity.

A group business plan proposes to concentrate on core businesses of betting shops and pubs.

All other assets would be sold through what the group described as "a challenging programme of disposals", projected to raise more than £400m by mid-1993.

The continued support of Brent Walker's lenders is conditional on "adequate realisations" from the disposals. The income generated would form the basis for repayment of a term loan into which £824m of the group's bank debt and accrued interest would be converted.

William Hill loan facilities of £350m have also been re-negotiated and ring-fenced.

The reconstruction document also lists 87 contracts entered into by the group otherwise than in the ordinary course of business that are material to the financial circumstances of the group.

However, the move by Power to break off negotiations and attempt to exercise the option its subsidiary has over the Trocadero project in London, is likely to complicate matters.

Negotiations were deadlocked as Brent Walker and its bankers and Power could not agree on how to separate their jointly owned properties.

Although Power has resolved to exercise its option over the Trocadero, completion of the option requires approval by Lloyds Bank and Sanwa Bank, neither of which was likely to give their approval, Brent Walker said.

Carlton takes 20% of Sunrise

By Bronwen Maddox

CARLTON Communications, the electronics and video duplication group which recently won the London weekday ITV contract, has paid £5.4m for a 20 per cent stake in Sunrise Television, winner of the breakfast television licence.

At the same time the Walt Disney Company, a UK arm of the US entertainment group, raised its investment in Sunrise from 15 to 25 per cent. The two stakes completed the financing for Sunrise, which takes over from TVam on January 1 1993.

Carlton, which also owns 20 per cent of Central Independent Television, now has investments in three ITV licences. It was a member of the Daybreak consortium which was outbid by £1.3m for the breakfast franchise by Sunrise which offered £34.6m.

Mr Nigel Walmsley, managing director of Carlton Television, said "We were not interested a month ago. Sunrise approached us last week. The new factors which made it attractive were that we were paying the same price as the founding shareholders, and we got a close look at their business plan."

TVam, which made a bid of only £14.1m for the breakfast licence, predicted after the awards that Sunrise would go bankrupt by 1994. However Mr Walmsley yesterday described its business plan as "conservative".

The other Sunrise shareholders are London Weekend Television (20 per cent), Scottish Television (20 per cent) and the Guardian and Manchester Evening News (15 per cent).

Sunrise chose Carlton and Disney in preference to City institutions, the Daily Telegraph newspaper and Emap, the magazine, newspaper and radio group.

In separate discussions LWT and Carlton have also been planning a joint seven-day London news service.

One expected benefit is that Carlton will be able to cross-promote Sunrise programmes on its main station, as will LWT and Scottish.

See Lex

Dissident shareholders win Aberfoyle

By Joel Kibazo

Dissident shareholders at Aberfoyle Holdings, the agriculture and security products group operating in Zimbabwe, yesterday won their 2½-year battle for control when a majority of the board announced its resignation.

The resignations included that of Mr David Hardy, a director of Hanson who was only appointed chairman earlier this month, although Mr Paul Wilkes, finance director, is to remain. Mr Hardy is to be replaced by Sir Peter Gadsden, chairman of Private Patients Plan, while Mr Barry Trowbridge, who previously ran a waste management company, replaces Mr Brian Gill as managing director. Both were nominated by the aggrieved shareholders.

There was no comment from the company but the resignations appear to be in response to a requisition tabled earlier this month by the dissident group for an EGM to remove a majority of the board.

Tottenham expected to make cash call next week

By Jane Fuller

TOTTENHAM Hotspur, owner of the north London football club, is expected to announce a rights issue on Tuesday alongside its results for the year to May 31.

The proceeds will help reduce bank debt to about £5m, less than half the amount owed to Midland Bank in the summer, before Mr Alan Sugar and Mr Terry Venables took control. Their negotiations included fending off a rival plan backed by the late Mr Robert Maxwell.

Tottenham's refinancing is likely to include the conversion into equity of up to £2.9m owed to Mr Sugar and Mr Venables, who between them own more than 60 per cent of the shares.

The new money raised will not account for all the £5m to £6m debt reduction since their arrival.

Buoyant trading, helped by the FA Cup victory last May, and the £900,000 received from a Japanese club for Mr Gary Lineker also play a part.

Excluded is the £5m that might be received for Mr Paul Gascoigne, who like Mr Lineker is also an England international. A medical examination next May will determine whether Mr Gascoigne, who severely injured his knee in the FA Cup final, will go to Lazio in Italy.

After the publication of the 1990-91 results – expected to show a pre-tax loss of between £1m and £2m – and the refinancing proposals, Tottenham will seek the relisting of its shares. These were suspended at 91p in October 1990. Mr Sugar and Mr Venables' 75p-a-share offer put a value of £7.65m on the company.

Tottenham's agreement with Midland Bank runs until May 30. One of the conditions stipulates debt reduction to no more than £6m by January 1. Apart from the debts to Mr Sugar and Mr Venables, the company also owes £1m from buying a clothing business, since closed, and £350,000 to Mr Frank Sinclair, a director.

Cityvision recommends £75m bid from US

By Michael Skapinker

BLOCKBUSTER, the US video rental group, yesterday made a £75m recommended offer for Cityvision, the UK's largest video rental company.

The news prompted a 21p rise in Cityvision's share price to 46p. At that level the shares were just 2p below the offer price of 48p which valued Cityvision's ordinary equity at £67.9m.

Blockbuster is also offering 80p for each Cityvision preference share, valuing the preference capital at £7.1m.

The US group said that Philips, the Dutch electronics giant, had an option to buy a 50 per cent stake in Cityvision if the deal goes through.

Earlier this week, Philips said it intended to make investments in the home entertainment field with Blockbuster, which has 1,934 stores – nearly half run by franchisees. Only 124 of the stores are outside the US, with 34 in the UK.

Blockbuster said it intended to use Cityvision, which operates 875 stores under the Ritz name, as a base for expansion in Europe.

The US company is offering a share alternative of new Blockbuster shares with a value of 50p for each Cityvision ordinary share and shares with a value of 83p for each Cityvision preference share.

Mr Steven Berrard, Blockbuster's vice chairman and chief financial officer, said the US company, which is listed on the New York stock exchange, intended to seek a London listing.

He added that his company had not yet decided whether to replace the Ritz name with that of Blockbuster in the UK. He said that as the Ritz name was better known in Britain, the company might decide to use it for all its UK outlets.

Cityvision recorded pre-tax profits £16.4m on turnover of £78.4m last year. The company reported £3.5m pre-tax profits for the first six months of this year on turnover of £39.8m and warned that profits in the second half would be lower than the first.

Blockbuster reported net income of $68.7m (£38.8m) last year on revenues of $632.7m.

F&C German assets improve to 107.1p

Net asset value per ordinary share of the Foreign & Colonial German Investment Trust rose from 92.2p to 107.1p over the 12 months ended September 30.

After-tax revenue worked through at £350,000 (£481,000).

Correction

Johnson Group

A headline yesterday incorrectly said that Johnson Group was selling its US arm. It sold only Apparelmaster Design, a UK subsidiary, and retains its dry-cleaning and textile rental businesses in the US.

Wide margin of success in cliffhanger

Norma Cohen considers BTR's winning bid for Hawker Siddeley

INSTITUTIONAL shareholders said that from the start, the outcome of BTR's bid for Hawker Siddeley was less of a certainty than conventional wisdom acknowledged. For one thing, many institutions held shares in both BTR and Hawker Siddeley and had questions about the management of both.

And when BTR modestly raised its offer – a move many thought was unnecessary – the outcome of the bid was called into question.

BTR has walked away with more than 70 per cent of Hawker's shares – a comfortable margin of success. But more than half the acceptances were filed just hours before the bid expired, suggesting that shareholders were uncertain about how to vote.

There is a reluctance among institutions to be seen to be the vote which tips the scales in favour of a hostile bid. And relations between those who support a hostile bidder and the target company in an unsuccessful effort can be permanently strained.

Shareholders said that what ultimately tipped the balance in favour of the bid was the view that Hawker's businesses would do better if BTR was managing them. Indeed, many institutions' tax position makes it advantageous for them to take BTR's share offer rather than cash, thus becoming even larger holders of BTR.

By most accounts, Mr Alan Watkins, Hawker's managing director, put up a creditable defence. In a series of meetings with institutions, the company laid out its plans to rationalise its businesses and to concentrate on a few core industries.

Its presentation was described as "reasonably detailed" in comparison with other defence road-shows and earned it points with investors.

But enough shareholders remained sceptics. Before the bid, Hawker made little effort to keep in touch with its institutional shareholders to let them know about rationalisation plans. The view was that since Mr Watkins had been installed at Hawker since 1989 he had had ample time in which to reduce the size of the company.

"I wouldn't have given them the benefit of the doubt in downsizing the company. I felt they should have done it by now," said one shareholder.

Even Mr Watkins' supporters acknowledge some merit in this argument. One shareholder who voted in favour of Hawker said that even if the bid failed there would have been pressure for results within six to nine months, or a change of management.

Some shareholders were also perturbed at some of the figures Hawker produced to show its market penetration in key businesses. "The figures were all from studies Hawker had commissioned itself or which couldn't be publicly verified," one shareholder said.

The assessment of Hawker's management of its own skills was also questioned. Corporate directors control approximately 180,000 Hawker shares, an infinitesimal amount.

"I'd like to see them put their money where their mouth is," said one shareholder, adding that if the company's own management did not own shares, he did not see why he should either.

But BTR had not completely endeared itself to the big institutions. Its two previous bids, one for Pilkington in 1986 and a more recent one for Norton in the US, had failed and it could not escape the view that it badly needed to succeed to bolster its reputation.

Also, BTR had launched its bid at a time when institutional tempers were still warm concerning its rather unusual accounting treatment of the gain on its sale of a subsidiary.

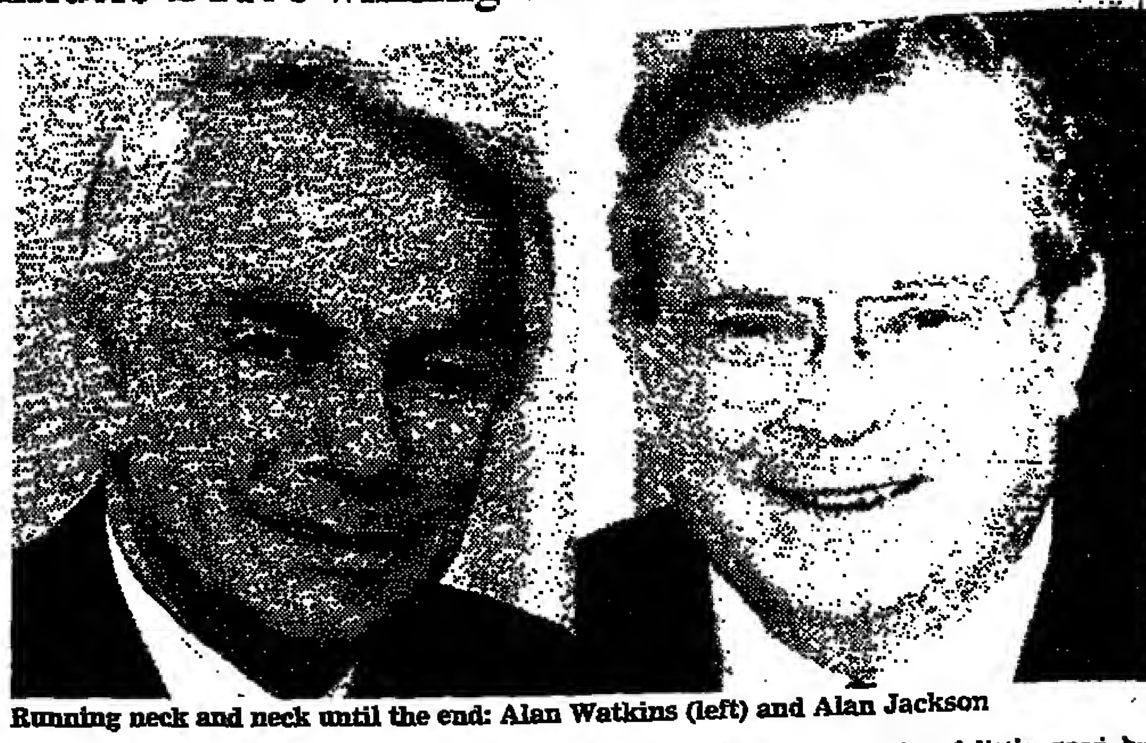
Typically such gains are taken below the line as extraordinary profits. BTR took it above the line so that pre-tax profits showed a modest increase over the previous year.

It did itself little good by simply asserting that it could run Hawker's businesses better than the existing management, without offering concrete details of its plans.

"We don't think much of these conglomerates who try to take over companies and use the profits to paper over their own shortcomings," said one institution which supported Hawker's defence.

And the personality of Mr Alan Jackson, BTR's chief executive, became something of an issue for those institutions which thought he had been over-confident. During the course of the bid, "he's learned to tame his personality" said one shareholder who supported the bid.

Aside from the merits of BTR, some shareholders were simply unhappy at selling their shares during what appears to be the trough of the recession. "Hawker has weaknesses and potential. I just dont think the offering price adequately reflects the potential," said one shareholder, who rejected the offer.



Running neck and neck until the end: Alan Watkins (left) and Alan Jackson

Losses at McCarthy & Stone jump 56% to 17m

By Andrew Taylor, Construction Correspondent

PRE-TAX losses at McCarthy & Stone, the UK's biggest builder of sheltered housing for the elderly, jumped by 56 per cent from £10.8m to £16.9m during the 12 months to the end of August.

Losses included a provision of £5m (£1.3m) against the group's land and property holdings.

Group turnover fell from £87.7m to £73.1m and there was a net loss for the year of £14.4m (£11.4m), equivalent to losses per share of 21.9p (20.9p).

Losses would have been even greater but for a £6.5m (£1.8m) tax credit. Mr John McCarthy, chairman, said the group had taken advantage of new regulations announced in this year's budget which allow companies to offset tax losses against profits made up to three years earlier.

The most recent financial year had been the worst in the group's history, said Mr McCarthy.

He warned that concern over rising unemployment and election uncertainty was preventing a recovery in the UK housing market which also was being undermined by the high level of housing repossessions.

Trading in France, where the group has retirement and second home interests, also turned down in 1990/91.

In May McCarthy & Stone raised £13.3m in a 3-for-8 rights issue at 72p for each new share. Yesterday the group's price slid 6p to 57p.

Mr McCarthy said that the money had been used to make further inroads in the group's net borrowings which had come down from £90.4m to £58.1m since the end of August 1990. Gearing had fallen from 92 to 59 per cent. If £14.8m of loan stock was included as debt, gearing would have fallen from more than 100 to 74 per cent.

The group declared a maintained final dividend of 0.5p making an unchanged 1p for the year.

AAH purchase frozen during monopolies probe

By Jane Fuller

THE PURCHASE by AAH Holdings, one of the UK's two big pharmaceuticals wholesalers, of part of a defunct rival business has been referred to the Monopolies and Mergers Commission.

Mr Peter Lilley, trade secretary, has also:

- banned AAH from buying any further assets from Medicopharma, the Dutch wholesaler which closed its UK operations this month;
- ordered it to keep the acquired assets separately, so that they could be sold if the MMC called for a divestment;
- prevented it from soliciting Medicopharma's former customers, although pharmacists are still free to approach AAH.

It is understood that the Office of Fair Trading is worried about a duopoly in the wholesale supply of prescription drugs, where AAH and UniChem each has about 30 per cent of the market.

AAH joins UniChem and Lloyds Chemists, a retailer which manages drugs distribution to its own stores, on the MMC's agenda. They were referred following their bids for Macarthy.

Earlier this week, UniChem won the contract to supply Macarthy's shops. There was nothing the OFT could do about that, even though protecting Medicopharma's agreement with Macarthy had helped to prompt the referral of UniChem's and Lloyds' bids.AAH's purchase of assets and rapid occupation of former Medicopharma depots were, however, construed as a merger.

Mr Bill Revell, AAH's director responsible for healthcare, said he was disappointed. "We merely bought assets from a business that had closed." He felt AAH would take on about 30 per cent of Medicopharma's former clientele and that other wholesalers would also benefit pro rata from the closure of a rival that had accounted for 8 to 9 per cent of the market.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price	+or-	Net Div	Times Cov'd	Gross Yield	P/E Ratio
-	F.P.	-	143	115	Baillie Gifford Jap Wrnts	120		-	-	-	-
-	F.P	-	2½	2	Butte Mining Wrnts.	2½		-	-	-	-
†	F.P	-	110	83	Capital Ventures 1p	83		-	-	-	-
4	F.P	-	9½	3	Calver 1p	4	-½	-	-	-	-
100	F.P.	-	102	94	Drayton Recovery Trust	95		M7.8	-	10.9	-
25	F.P	-	26	26	‡Dumas Group 10p	26		-	-	-	64.2
-	F.P.	-	23	17	Eng. & Scott. Wrnts	17		-	-	-	-
-	F.P.	-	320	188	Eurotunnel '91 Wrnts	210	-5	-	-	-	-
§500	F.P	-	507	473	Fidelity Euro Values Units	474		-	-	-	-
§235	F.P.	-	283	256	Frost Group	277	+2	R2.0	0.9	1.0	11.8
195	F.P	-	216	201	JIB Group 10p	201	-3	R7.5	1.8	5.0	14.9
587	F.P.	-	570	563	*Latin Am Extra Yld	563	-1	-	-	-	-
§28	F.P.	-	22	18	M & G Income Cap 1p	18	-½	-	-	-	-
-	F.P	-	66	61	Do. Geared Units	61½	-½	M4.91	-	10.6	-
§44	F.P.	-	45	44	Do. Income 1p	44		M4.91	-	14.9	-
100	F.P.	-	102	97	Do. Package Units	97		M4.91	-	6.7	-
§500	F.P	-	505	496	Morgan Grenfell Eq Unit	500	-2	-	-	-	-
50	F.P.	-	54	44	‡Simpsons of Cornhill 5p	44		-	-	-	13.6
-	F.P	-	3	1½	Wills Group Wrnts	2½		-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	100¼p	100p	Barings 9¼pc Non-Cum. Prf £1	100¼p	+¼
10p	F.P	-	10p	8p	Butte Mining 10pc (Net) Cv Prf 1994	10p	
100	F.P	-	100	98½	Camborne Inds. 10½pc Rd. Deb 2001	98½	
100p	F.P.	-	102p	99½p	Drayton Recovery Tst. Prfd. Growth £1	99½p	-¼
100p	F.P.	-	103p	101p	Fidelity Euro Values Equity Ln 2001	102p	
105	F.P	-	105	100	Greencore 9.5% Cnv Un Ln Stk 1995	100	
34½p	F.P.	-	37p	35½p	M & G Income Zero Div Prf. 1p	35½p	
100p	F.P.	-	104p	100¼p	NatWest Bank 9pc Prf Series A	100¼p	-¼

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+ or -
33	Nil	25/11	8pm	5pm	Anglo Eastern Plantations	5pm	
100p	Nil	-	12½pm	8pm	Allwoods	8pm	
120	Nil	-	23pm	14pm	Brent Chemicals 10p	15pm	
350	Nil	10/1	114pm	89pm	De La Rue	93pm	-2
100	Nil	22/11	31pm	13pm	European Motor 40p	14pm	+1
10	Nil	-	1½pm	1pm	Lowe (Robert H) 1p	2pm	
88	Nil	-	10pm	3pm	Molynx 20p	4pm	
215	Nil	20/12	38pm	31pm	More O'Ferrall 10p	37pm	
125	Nil	27/12	10pm	10pm	PCT Group 10p	10pm	
17	Nil	27/12	4pm	1½pm	‡SelecTV 1p	4pm	+2
282	Nil	23/12	45pm	30pm	Sims Food 5p	31pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Earnings based on preliminary figures. p Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ¢ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. * Unregulated collective investment scheme. ■ Unit comprising of 5 Ords and 1 Warrant.

TRADITIONAL OPTIONS

- First Dealings Nov. 18
- Last Dealings Nov. 29
- Last Declarations Feb. 20
- For settlement March 2

For rate indications see end of London Share Service

Calls in Allied Lels., BTR warrants 92/93 and 94/95, British Steel, Conroy Pet., Cowie (T), Grainger Trust, Hunterprint, Lep, Lonrho, Medeva, Midland & Scot. Res., Mirror Group, Pelon, Ratners, Tarmac, Tuskar Res. and Wimpey (G). Puts in Hawker Siddeley. Puts and calls in Lonrho.

300 multiple registrations so far in BT offer

By Hugo Dixon

NEARLY 300 cases of suspected multiple share registrations have so far been spotted by the government's advisers in the BT share sale.

Touche Ross, chartered accountants, said yesterday that it had sent letters to 282 people who looked as though they had made illegal multiple registrations. Small investors are allowed to apply only once in the BT retail offer.

The accountants hope that the letters will scare off multiple applications but, if the applicants proceed, they could face charges. Similar applications have been pursued in previous privatisations, in one case leading to a prison sentence of 30 months and a £157,000 fine.

The BT sale is reaching its final stages with applications due from small investors by the morning of December 4.

Touche Ross is using a sophisticated computer program to pick up multiple registrations. Mr George Westropp of Touche Ross said that in one case 15 people with the same surname and address but different forenames christian names had registered. Touche Ross had written to them asking for birth certificates to be produced for all 15 people.

In another case, six people had registered with very similar names but slightly different addresses.

So far, Touche Ross has received three letters and 28 phone calls in response to its letters.

Mr Westropp said all sorts of "weasel excuses" had been used such as: "Yes, I have 15 children but it will take an awfully long time to get their birth certificates."

NEWS DIGEST

Torday beats off Dowding

TORDAY & Carlisle, the niche engineer, yesterday won its fight for independence with the announcement that hostile bidder Dowding & Mills had won acceptances representing just 43 per cent.

Torday shares fell back on the news, from 104p to close at 89p. Dowding moved ahead just 1p to 63p.

Mr Paul Torday, chairman, said he was delighted that the majority of shareholders had rejected Dowding's offer. "We are confident they . . . will benefit from the exciting future of DMI, Elfab-Hughes and Oldhams Signs."

A fall into the red at Oldham Signs had been the spur to Dowding's takeover bid, launched in September. Dowding had hoped to benefit from integrating DMI, the marine diesel engine repair business, with its own operations.

Dowding holds 8.7 per cent of the share capital in Torday. Mr Jim Cole, chairman of Dowding, said he was disappointed with the outcome. "We believe we offered a very fair price for Torday & Carlisle."

Drop in Lep shares triggers ADT fall

Shares in ADT, the security and car auction company, fell 46p to 340p yesterday following a fall in the value of Lep on Thursday.

ADT has a 27 per cent stake in the security and freight forwarding company which refinanced £470m of debt in September and this week ousted Mr John Read, the chief executive.

On Thursday Lep's shares fell 4p to 10p having been 7p at one stage. Yesterday it recovered 1½p to 11½p.

Go ahead for Liffe and LTO merger

The take-up of D shares offered by the London International Financial Futures Exchange has comfortably met the minimum required for the merger of Liffe and the London Traded Options market to proceed.

The application list closed late on Thursday with 307 share applications, well above the 200 share minimum, raising £4.6m.

"The next stage is to discuss with applicants their intended participation in the equity options market following the merger to ensure that we will have a satisfactory balance so as to achieve adequate market liquidity and potential for growth," said Mr Michael Jenkins, Liffe's chief executive.

- Volume on Liffe yesterday reached a record high of 398,336 contracts traded. The previous record of 382,209 contracts was set on October 16 1989.

MCC downgraded by Moody's

Moody's, the credit rating service, yesterday downgraded Maxwell Communication Corporation and its guaranteed units to B-3 from B-2 for senior debt and to Caa from B-3 for subordinated debt. Moody's said MCC would have to restructure its debt.

OMI tumbles to £1.3m losses

Shares of OMI International fell 17p to 44p yesterday following news that the company had run up a loss of £1.34m pre-tax for the half year ended September 30.

The deficit, which compared with previous profits of £1.38m, was struck after taking account of exceptional provisions of £1.44m (£221,000). The interim dividend is being cut by 1p to 0.75p.

Turnover of the group, a manufacturer of specialised products and services in design technology, electro-optics and instrumentation for the aerospace, automotive, petrochemical, communication and electronic industries, slipped from £28.1m to £26.3m. Losses per share worked through at 3p (earnings 2p).

The directors said that as a result of actions taken, "the losses of the first six months will be followed by a solid profit in the second half year".

They said the balance sheet remained robust with no net borrowings and cash balances of £2m.

Panel considers Racal bid timetable

The Takeover Panel is meeting on Monday to consider the timetable which should apply to Williams Holdings £655m hostile bid for Racal Electronics.

The meeting follows the decision by the Department of Trade and Industry to approve the bid on condition that Williams agrees to sell the Chubb locks and safes business.

The original timetable was halted by the DTI's investigation two days before Racal was due to produce its final defence document and profits forecast.

East Surrey Water improves to £2.9m

East Surrey Water lifted pre-tax profits from £1.73m to £2.86m in the six months to September 30 and Mr John Fooks, chairman, said the board was confident of a successful outcome for the year.

Turnover rose to £10.4m (£8.31m) leaving operating profits at £3.37m (£2.35m). Interest took £507,000 (£628,000). Earnings worked through at 19.9p (11.8p) per share and the interim dividend is raised to 3.56p (3p).

In its non-regulated side, the company has invested in specialist building products, computer controlled showers, water processing by-products and the extension of its own laboratory services. It intends to create a holding company, East Surrey Holdings, where the regulated business of water supply would become the principal subsidiary.

Worth Trust net asset value slips

Net asset value per ordinary share of the Worth Investment Trust amounted to 32.4p at September 30 compared with 55.9p a year earlier and 33.5p at the March 31 year-end.

Total income for the half year to end-September totalled £115,000 (£252,000 for the comparable six months of 1990). Loss after tax worked through at £43,000 (earnings £109,000), equal to losses per share of 0.14p (earnings 0.35p).

Burn Stewart share placing and offer

Burn Stewart Distillers has announced a placing and intermediaries offer of 21.6m ordinary 10p shares at 140p each.

Some 10.8m shares were placed on behalf of Morgan Grenfell by Cazenove with its clients. Applications for a further 133,025 shares were received from Burn Stewart employees under the intermediaries offer.

The intermediaries offer was 3.21 times oversubscribed, with applications for 34.2m shares received for the remaining 10.7m available, and they have been allocated pro rata.

Dealings are expected to begin next Tuesday.

Small increase at AF Bulgin

AF Bulgin & Company, the electrical and electronic components and power supply company, achieved a small increase in pre-tax profits – from £34,000 to £57,000 – in the six months to July 31.

The taxable result was struck after exceptional costs of £93,000 (£217,000) relating to the reorganisation of the overseas subsidiaries and redundancies. The company said that trading conditions in the half had been difficult and that turnover had reduced gradually as the recession deepened, emerging eventually at £6.57m (£7.45m).

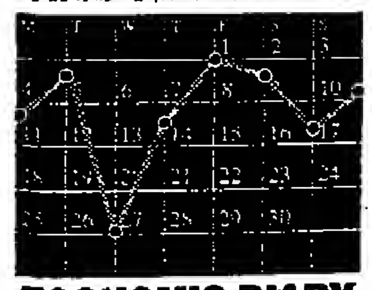
Third-quarter trading had been poor – as a result no dividend is proposed until the year-end.

Earnings came out at 0.18p (0.12p).

Aberdeen Trust buys rest of fund manager

Aberdeen Trust, the financial services group, has increased its funds under management to more than £1bn for the first time with the purchase of the controlling interest in Cheval Investment Management, a specialist Lloyd's syndicate fund manager.

Aberdeen Trust, which secured a Stock Exchange listing in March, already had 47 per cent of Cheval through its purchase of Saltire Insurance Investments in September. It is paying £360,000 for the rest of Cheval, divided between the issue of 450,000 new shares in Aberdeen at 40p and a cash payment of £180,000.



ECONOMIC DIARY

TOMORROW: Belgian general election.

MONDAY: Confederation of British Industry publishes trends enquiry for November. *Engineering sales and orders* at current and constant prices (September). Group of 15 holds presidential summit in Caracas (until November 26). Meeting of banks with exposure to the Maxwell family's private companies. UN compensation fund's governing council starts week-long, closed-door meeting in Geneva to proceed in defining amounts and criteria of compensation for Iraqi invasion of Kuwait. Royal Agriculture Society publishes report on state of agriculture in UK.

TUESDAY: US real gross national product (preliminary release). The Court of Justice in Luxembourg is due to hear evidence before ruling on whether the Efta pact can go ahead. European Community fisheries council meets in Brussels. Closing date for Hanson's offer for Beazer. Financial Times holds two-day conference "Managing financial risks" in London. Opec meeting in Vienna. Anglo-Soviet trade conference at Queen Elizabeth II Conference Centre, London. CBI/Commerzbank AG holds conference "Germany : Opportunities in the UK's biggest market" in London.

WEDNESDAY: Building societies monthly figures (October). New vehicle registrations (October). US durable goods orders (October); personal income/import-export price indices (October); and merchandise trade balance of payments (third quarter). European Community holds conference "How will the regions be represented in the post-1992 single market?" in Strasbourg.

THURSDAY: Energy trends (September). European Community development ministers meet in Brussels.

FRIDAY: London sterling certificates of deposit (October). Monetary statistics (including bank and building society balance sheets (October). Bill turnover statistics (October). Sterling commercial paper (October). Former Liverpool City Council leader Derek Hatton and others due to face committal proceedings in Liverpool.

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Friday November 22 1991: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1991 to date	Thu Nov 21 Index No.	Wed Nov 20 Index No.	Tue Nov 19 Index No.	Year ago (approx) Index No.	1991 High	1991 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (181)	756.45	−1.2	9.21	6.44	13.81	32.12	765.94	769.01	768.04	731.17	890.04 15/3	675.31 16/1	1038.07 16/7 /87	50.71 13/12/74
2	Building Materials (23)	923.18	−1.1	7.93	6.75	16.65	41.35	933.82	930.88	930.07	997.42	1167.75 14/3	911.64 16/1	1381.08 16/7 /87	44.27 11/12/74
3	Contracting, Construction (30)	1012.80	−0.4	7.90	7.26	18.07	50.73	1017.29	1011.94	1012.49	1188.14	1438.66 15/3	1011.94 20/11	1951.50 16/7 /87	71.48 2 /12/74
4	Electricals (11)	2319.08	−2.6	9.33	6.30	13.59	98.23	2380.49	2386.38	2381.85	1921.54	2675.48 1 /10	1837.98 22/1	3040.80 8 /9 /89	84.71 25/6 /62
5	Electronics (25)	1658.03	−1.4	11.18	5.76	11.36	51.95	1681.36	1674.47	1680.61	1621.98	1958.19 15/3	1478.08 16/1	2308.22 19/5 /89	1229.01 8 /10/85
6	Engineering-Aerospace (8)	327.84	−2.3	17.10	7.92	7.06	18.52	335.50	339.36	335.05	409.53	469.23 9 /4	327.84 22/11	502.42 13/6 /90	327.84 22/11/91
7	Engineering-General (43)	460.61	−0.2	10.58	5.43	11.65	16.79	461.68	464.88	464.60	363.48	503.16 2 /10	339.57 23/1	505.10 15/6 /90	339.57 23/1 /91
8	Metals and Metal Forming (9)	323.12	−2.3	2.09	10.89	–	18.43	330.60	337.12	331.51	398.32	509.18 3 /4	323.12 22/11	596.67 9 /10/87	49.65 6 /1 /75
9	Motors (12)	301.35	−1.5	8.59	7.99	15.46	17.56	305.87	311.21	312.45	294.16	371.25 6 /9	266.43 16/1	411.42 13/10/87	19.91 6 /1 /75
10	Other Industrial Materials (20)	1489.32	−1.2	8.41	5.47	14.13	57.59	1507.50	1518.74	1517.70	1238.51	1695.01 2 /9	1147.76 16/1	1881.53 18/8 /89	277.55 15/1 /81
21	CONSUMER GROUP (198)	1533.99	−0.5	7.51	3.66	16.48	36.47	1542.31	1551.79	1545.55	1222.58	1607.13 14/11	1188.45 16/1	1607.13 14/11/91	61.41 13/12/74
22	Brewers and Distillers (22)	1896.02	+0.2	8.15	3.55	14.92	38.33	1891.47	1879.81	1877.59	1564.42	1964.41 12/11	1478.24 25/1	1964.41 12/11/91	69.47 13/12/74
25	Food Manufacturing (19)	1177.60	−0.2	9.73	4.29	12.72	30.09	1180.18	1177.93	1171.81	1025.94	1251.91 2 /10	1013.60 16/1	1251.91 2 /10/91	59.67 11/12/74
26	Food Retailing (17)	2231.21	−0.4	10.19	3.69	12.77	58.06	2239.44	2268.92	2270.41	2259.89	2854.91 2 /5	2231.21 22/11	2854.91 2 /5 /91	54.25 11/12/74
27	Health and Household (23)	4015.02	+0.2	5.12	2.40	22.42	67.75	4007.55	4095.96	4062.45	2436.36	4257.72 14/11	2454.93 16/1	4257.72 14/11/91	175.38 28/5 /80
29	Hotels and Leisure (24)	1302.87	−0.9	7.83	5.40	15.81	45.61	1315.09	1308.22	1307.88	1240.66	1405.62 2 /9	1066.91 25/1	1845.77 8 /9 /89	54.83 9 /1 /75
30	Media (26)	1420.55	−0.5	7.40	5.02	17.65	47.37	1427.14	1424.55	1418.48	0.00	1565.67 20/9	1166.91 16/1	1565.67 20/9 /91	1166.91 16/1 /91
31	Packaging, Paper & Printing (17)	736.46	−0.3	7.33	4.51	16.53	24.09	738.69	734.47	737.64	508.06	788.41 9 /9	486.96 16/1	788.41 9 /9 /91	43.46 6 /1 /75
34	Stores (32)	978.01	−3.2	7.68	3.79	17.09	25.03	1010.32	1016.95	1011.82	840.65	1042.47 8 /11	766.89 29/1	1160.58 29/7 /87	52.63 6 /1 /75
35	Textiles (10)	625.89	−0.1	7.43	4.96	17.15	19.91	626.37	628.36	624.92	426.93	652.30 1 /11	396.58 28/1	914.52 2 /10/87	62.66 11/12/74
40	OTHER GROUPS (110)	1192.46	−0.6	10.02	5.50	12.59	36.29	1199.91	1199.94	1195.45	1010.07	1330.48 2 /10	961.05 16/1	1330.48 2 /10/91	58.63 6 /1 /75
41	Business Services (12)	1384.21	+1.7	7.18	4.72	17.67	39.29	1361.16	1358.27	1346.28	0.00	1447.24 4 /10	892.28 1 /2	1447.24 4 /10/91	892.28 1 /2 /91
42	Chemicals (21)	1381.89	−0.5	7.20	5.31	17.24	48.39	1389.51	1396.69	1387.24	1063.86	1520.52 2 /9	1004.01 16/1	1545.46 5 /10/87	71.20 1 /12/74
43	Conglomerates (11)	1391.91	....	10.38	7.53	11.68	38.87	1391.55	1387.31	1374.82	1308.91	1626.42 14/3	1217.37 16/1	1819.46 11/8 /89	975.19 10/11/87
44	Transport (13)	2272.16	−0.8	5.88	5.01	21.88	68.25	2291.15	2301.82	2286.19	1862.90	2425.36 2 /10	1730.87 23/1	2554.69 12/7 /89	90.80 29/6 /62
45	Electricity (16)	1167.97	−0.4	15.04	5.57	8.67	27.53	1172.96	1171.16	1163.47	0.00	1286.51 2 /10	994.96 7 /1	1286.51 2 /10/91	994.96 7 /1 /91
46	Telephone Networks(4)	1392.29	−1.2	11.22	4.50	11.63	28.34	1409.38	1413.21	1421.64	1171.60	1658.67 2 /10	1085.95 16/1	1658.67 2 /10/91	517.92 30/11/84
47	Water(10)	2244.44	−0.5	18.42	6.91	6.00	125.82	2255.79	2261.89	2260.14	2162.38	2539.85 6 /9	2134.83 16/1	2539.85 6 /9 /91	1820.20 1 /5 /90
48	Miscellaneous (23)	1773.37	−1.1	5.66	5.59	24.30	70.30	1793.84	1774.69	1757.93	1525.35	2033.42 15/8	1506.17 16/1	2087.06 11/7 /89	60.39 6 /7 /75
49	INDUSTRIAL GROUP (481)	1230.76	−0.7	8.61	4.74	14.55	35.98	1239.34	1244.07	1239.80	1038.47	1326.09 6 /9	991.97 16/1	1326.09 6 /9 /91	59.01 13/12/74
51	Oil & Gas (19)	2301.17	−0.8	11.22	6.10	11.78	103.73	2319.79	2308.62	2293.93	2338.12	2509.42 23/7	2101.45 21/1	2528.70 3 /8 /90	87.23 29/5 /62
59	500 SHARE INDEX (500)	1322.89	−0.7	8.93	4.91	14.14	41.31	1332.29	1335.98	1330.92	1145.18	1424.90 2 /9	1092.04 16/1	1424.90 2 /9 /91	63.49 13/12/74
61	FINANCIAL GROUP (91)	737.54	−0.6	–	6.32	–	32.19	741.84	746.79	745.38	731.50	859.94 15/3	667.36 16/1	896.67 13/10/87	55.88 13/12/74
62	Banks (9)	866.86	−0.7	4.81	6.15	39.34	37.46	873.25	874.62	872.72	782.57	990.15 6 /9	695.08 15/1	990.15 6 /9 /91	62.44 12/12/74
65	Insurance (Life) (7)	1417.53	−1.3	–	5.97	–	63.68	1436.69	1455.87	1451.16	1312.90	1632.53 4 /9	1220.74 16/1	1632.53 4 /9 /91	44.88 2 /1 /75
66	Insurance (Composite) (6)	526.10	+0.1	–	8.35	–	32.94	525.67	539.94	537.62	640.66	728.27 15/3	525.67 21/11	768.11 29/12/89	43.96 13/12/74
67	Insurance (Brokers) (10)	992.35	−1.2	8.23	6.74	15.99	43.14	1004.07	1010.75	1030.11	976.61	1202.38 5 /4	932.88 23/1	1399.56 17/7 /87	65.86 16/12/74
68	Merchant Banks (7)	474.61	−0.2	–	4.52	–	13.08	475.62	476.54	485.56	351.73	498.05 15/11	327.70 16/1	547.59 12/10/87	31.21 7 /1 /75
69	Property (35)	867.90	+0.1	6.23	5.37	22.71	25.28	867.29	866.37	856.77	993.80	1087.65 15/3	856.77 19/11	1398.87 5 /9 /89	56.01 20/4 /65
70	Other Financial (17)	240.57	−1.0	11.78	7.19	10.68	11.72	242.96	243.11	243.33	249.84	298.63 15/3	236.37 16/1	603.48 16/7 /87	33.29 17/12/74
71	Investment Trusts (70)	1163.58	−0.6	–	3.72	–	29.18	1170.86	1182.65	1173.05	1011.83	1261.80 6 /9	947.19 16/1	1323.81 4 /1 /90	71.12 13/12/74
99	ALL-SHARE INDEX (661)	1182.51	−0.7	–	5.05	–	38.60	1190.69	1194.77	1190.42	1042.54	1284.07 6 /9	987.46 16/1	1284.07 6 /9 /91	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Nov 21	Nov 20	Nov 19	Nov 18	Nov 15	Year ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX‡	2446.3	−17.2	2472.4	2445.2	2463.5	2472.6	2463.1	2502.9	2546.6	2170.5	2679.6 2 /9	2054.8 16/1	2679.6 2 /9 /91	986.9 23/7 /84

FIXED INTEREST

	PRICE INDICES	Fri Nov 22	Day's change %	Thu Nov 21	Accrued interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (29)	121.71	−0.18	121.93	2.07	10.75
2	5-15 years (27)	133.61	−0.65	134.48	2.60	11.84
3	Over 15 years (8)	141.53	−0.94	142.86	2.49	11.50
4	Irredeemables (6)	154.77	−1.07	156.45	0.99	13.45
5	All stocks (69)	132.14	−0.52	132.83	2.42	11.60
	Index-Linked					
6	Up to 5 years (2)	167.37	−0.22	167.73	0.55	3.16
7	Over 5 years (9)	149.55	−0.37	150.11	1.06	3.83
8	All stocks (11)	150.87	−0.35	151.40	0.98	3.81
9	Debs & Loans (68)	111.48	−1.17	112.81	2.17	9.62

	AVERAGE GROSS REDEMPTION YIELDS		Fri Nov 22	Thu Nov 21	Year ago (approx.)	1991 High	1991 Low
	British Government						
1	Low	5 years	8.80	8.67	9.66	10.14 16/1	8.42 12/11
2	Coupons	15 years	9.65	9.53	10.43	10.24 2 /1	9.24 18/9
3	(0%-7¾%)	20 years	9.65	9.53	10.46	10.26 2 /1	9.24 18/9
4	Medium	5 years	9.97	9.82	10.97	11.15 2 /1	9.56 20/9
5	Coupons	15 years	9.79	9.67	10.82	10.62 2 /1	9.41 20/9
6	(8%-10¾%)	20 years	9.74	9.62	10.77	10.50 2 /1	9.35 18/9
7	High	5 years	10.17	10.04	11.09	11.25 2 /1	9.75 20/9
8	Coupons	15 years	9.88	9.76	11.03	10.80 2 /1	9.50 18/9
9	(11%-)	20 years	9.79	9.67	11.00	10.67 2 /1	9.41 18/9
10	Irredeemables	†	9.83	9.71	10.67	10.46 2 /1	9.43 18/9
	Index-Linked						
11	Inflation rate 5%	Up to 5yrs.	3.82	3.75	3.78	4.48 15/7	3.59 18/1
12	Inflation rate 5%	Over 5 yrs.	4.25	4.22	4.14	4.40 1 /8	4.09 18/2
13	Inflation rate 10%	Up to 5 yrs.	3.17	3.09	2.48	3.60 9 /7	2.13 21/2
14	Inflation rate 10%	Over 5 yrs.	4.07	4.04	3.95	4.22 15/8	3.90 12/4
15	Debs &	5 years	11.59	11.43	13.35	12.63 9 /1	11.08 25/9
16	Loans	15 years	11.40	11.25	12.90	12.38 18/1	10.84 23/9
17		25 years	11.22	11.07	12.56	12.16 18/1	10.66 23/9

‡Opening Index 2468.3; 9 am 2468.2; 10 am 2468.1; 11 am 2456.3; Noon 2457.5; 1 pm 2446.6; 2 pm 2446.8; 2.30 pm 2447.7; 3 pm 2451.3; 4.10 pm 2446.9; (a) 8.45am (b) 3.59pm

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, Ibex House, 42-47 Minories, London EC3N 1DY. Tel: 071-702 0991.

LONDON TRADED OPTIONS

Option		CALLS Jan	Apr	Jul	PUTS Jan	Apr	Jul
Allid Lyons (*605)	600	30	47½	57	22½	29½	38½
	650	9½	27½	36½	52½	61	66½
	700	3	13½	–	96½	98½	–
ASDA (*37)	34	6	8¼	–	2	4	–
	40	–	–	7	–	–	8½
	43	2½	4	–	7	9¼	–
Brit. Airways (*206)	200	11½	19½	22½	8	13	17½
	220	4¾	12½	13½	18½	22½	25½
SmKl Beecham A (*791)	750	60½	82½	98½	8¼	17	23
	800	29½	52	68½	26½	34½	40
Boots (*418)	390	30	46½	48½	4	6½	10½
	420	12½	27½	30½	14	17½	22
B.P. (*312)	300	21½	25½	30½	4¼	7¾	9½
	330	4¾	10	14½	18½	21½	24½
British Steel (*76)	70	5¾	8½	11	4¼	5	6½
	80	1½	4½	6¼	10	11½	12
Bass (*934)	900	40½	64½	–	18½	27½	–
	950	13½	38	56½	50½	56½	58½
C & Wire (*534)	500	41½	59½	70	7½	13½	19½
	550	13½	30½	41	30	35½	41½
Courtaulds (*475)	460	28	45	51	9¼	14½	19½
	500	9½	25	30	31	33	38
Com. Union (*454)	460	19	27	33	14½	27	30
	500	5	10	18½	45½	52½	54½
Fisons (*399)	390	24	33	43	8¼	14½	16½
	420	9½	17½	28	26	32	34
GKN (*298)	300	13½	19	24	11	22½	27½
	330	3¼	9½	13½	32½	44½	47½
Grand Met. (*836)	800	52	67½	90½	14½	23	26½
	850	22	41½	62½	37	46½	50½
I.C.I. (*1194)	1150	77½	–	–	15½	–	–
	1200	46½	67½	86½	36	62½	69½
Kingfisher (*502)	500	19½	35½	39½	13	19½	25½
	550	4¼	14	22½	46½	50	57½
Ladbroke (*255)	249	14½	24	–	6¼	11½	–
	260	–	–	22	–	–	19
Land Secur (*500)	460	42½	51½	57½	2¾	5½	12
	500	13½	27	30½	16½	20½	27½
M & S (*279)	260	23½	32½	36½	2¼	4½	7½
	280	11½	20½	23	9¼	11½	15½
Sainsbury (*321)	326	10½	–	–	10½	–	–
	330	–	18½	22	–	16½	19
Shell Trans. (*504)	500	22	25½	36½	10¼	20	22
	550	4	7¾	16	45	51	52½
Storehouse (*94)	90	11½	13	16½	5	6	7½
	100	4	9	10½	10	13	12
Trafalgar (*214)	211	10	–	–	14	–	–
	220	–	12½	15½	–	22	29
Utd. Biscuits (*380)	360	29½	38½	42½	4	10½	13½
	390	12	20	26	17½	25	27½
Unilever (*840)	800	54½	71½	84½	7½	18	24
	850	22½	41½	55½	26½	39½	43½
Ultramar (*335)	330	20½	29½	32½	12½	21	30
	360	10½	16½	20	27½	35½	36½
Option		**Feb**	**May**	**Aug**	**Feb**	**May**	**Aug**
Brit Aero (*312)	300	29½	37½	39½	10½	22½	26
	330	16½	20	22	26	41½	44½
BAA (*485)	460	36½	53	59½	11	15	18½
	500	14½	31	37½	29½	32½	37½
BAT Inds (*619)	600	44½	53½	58½	12½	19½	25½
	650	17	27½	34½	33	43½	52

Option		CALLS Feb	May	Aug	PUTS Feb	May	Aug
BTR (*369)	360	25	28½	37½	11	17½	19½
	390	11	15	23	26½	35	36½
Brit. Telecom (*342)	330	22	31½	37½	9½	13½	16½
	360	8	15½	22½	26½	28	30½
Cadbury Sch (*399)	390	29½	36½	46½	12½	22	25
	420	15½	23	33	29	37	39½
Eastern Elec (*233)	230	13	18	–	9	10½	–
	240	–	–	16½	–	–	20½
Guinness (*509)	500	33½	43	54½	11½	17½	21
	525	20	30	–	23	29	–
GEC (*182)	180	9	15	18	6	7½	11
	200	2½	6¼	8½	20½	21½	23½
Hanson (*201)	200	8¼	13	16	11¼	13½	15
	220	2	5¾	8¼	27	29	29
LASMO (*296)	280	30½	36½	42½	8	12½	15½
	300	20	24½	32	17½	22	26
Lucas Inds (*121)	120	8½	11½	14½	6	9	10½
	130	4	6¼	10½	12½	14½	16½
P & O. (*464)	460	–	37½	42½	–	27	30½
	472	22	–	–	21½	–	–
Pilkington (*130)	130	9	14½	15½	9½	11	15½
	140	6	9½	12	16	19	22
Prudential (*225)	220	17	20	25½	6½	11	14
	240	7	10½	16½	16½	22½	24½
Racal (*56)	51	7	–	–	1	–	–
	60	2	–	–	5½	–	–
R.T.Z. (*518)	500	40½	48½	58½	11½	20½	25½
	550	16	22½	34½	36½	46½	50½
Scot. & New (*391)	390	18½	31	35½	15½	17½	23
	420	7½	17½	22	33½	36½	38½
Tesco (*212)	200	20½	24	30	3½	6½	8
	220	9½	13½	19	11½	15½	17½
Thames Water (*342)	330	–	32	34½	–	9½	13½
	350	12½	–	–	11½	–	–
Vodafone (*343)	330	26½	38½	45½	10	14½	18½
	360	12	23½	30	27	31	32½
Option		**Dec**	**Mar**	**Jun**	**Dec**	**Mar**	**Jun**
Abbey Nat. (*274)	260	18	26	28	1¼	7½	9
	280	5	13½	17½	8	16½	18½
Amstrad (*31)	30	3	5½	6¼	1¼	3½	4½
	35	1	3½	5¼	5¼	6	7
Barclays (*383)	360	26	37½	40½	2	10	11½
	390	8	19	22	13½	25	27
Blue Circle (*225)	220	9½	18	22	3¼	6½	14½
	240	2¼	9½	12½	16	30	25
British Gas (*249)	240	12½	16	20½	2	6¼	10
	260	2	8¼	10	12½	16	20½
Dixons (*211)	200	13½	23	–	2¼	7	–
	220	3¼	11½	17½	11½	15½	18½
Eurotunnel (*390)	390	18½	40	57	13½	29	31
	420	7	26½	41	33	43	50
Glaxo (*783)	750	45½	73½	100	9½	25½	34½
	800	17½	45½	71½	29	46½	56
Hawker Sidd (*677)	650	35	80½	–	15	5½	–
	700	13	38½	43½	37½	50	12½
Hillsdown (*176)	177	–	10½	–	–	9	–
	180	3	–	12½	7½	–	15½

Option		CALLS Dec	Mar	Jun	PUTS Dec	Mar	Jun
Lonrho (*229)	220	13½	18½	20½	2¼	10½	13½
	240	3	9½	12	12½	24½	26
Midland Eb (*220)	220	9¼	16½	25	6	11½	13½
	240	2¼	9	16½	21	24	25
National Power (*146)	140	8½	11½	16½	2½	5	7
	160	1½	4½	7	15½	17½	18½
Reuters (*869)	850	38½	68½	88	12½	32½	43½
	900	14	43½	63½	38½	58½	70
R. Royce (*131)	130	5	9	11	4	9	11
	140	1½	5¼	6¼	11½	17½	19½
Scottish Power (*)	100	3½	7	10	2¼	6	7
	110	¼	3¼	6	10	13½	14
Sears (*95)	90	7	11½	13½	1¼	4½	6
	100	1¼	6½	9	6½	9¼	11½
Forte (*258)	240	21½	30½	34	1	4	7
	260	6½	17	21	5½	9½	13½
Thorn EMI (*761)	750	26½	41½	62	6½	20½	25½
	800	4½	19½	37½	36½	49	53
TSB (*125)	120	8	12	15	1½	4¾	6½
	130	3¼	6¼	10	6	10½	12½
Vaal Reefs (*71)	70	4	7	10	4½	7½	9½
	80	¾	3¼	–	10½	14	–
Wellcome (*862)	850	27½	66½	91½	22½	40½	52½
	900	10	42½	68½	53½	67½	73½

EURO FT-SE INDEX (*2447)

	2375	2425	2475	2525	2575	2625	2675	2725
CALLS								
Nov	72½	31½	8½	2	1	½	½	½
Dec	108	72½	44½	24½	13	6½	1½	1
Jan	–	100	–	47½	–	17½	–	5½
Mar	–	142	–	82½	–	46½	–	22½
Jun	–	185	–	127	–	77½	–	45
Sep	–	212	–	157	–	102	–	75
PUTS								
Nov	7	18½	44½	84	133	183	233	283
Dec	26½	39½	60	88½	127	168	212	260
Jan	–	52½	–	98½	–	164	–	250
Mar	–	69	–	115	–	167	–	242
Jun	–	107	–	127	–	182	–	242
Sep	–	92½	–	132	–	182	–	235

FT-SE EUROTRACK 100 INDEX (*1067)

	1050	1075	1100	1125	1150	1175	1200	
CALLS								
Dec	42½	24	7½	3	1	½	½	–
Mar	72½	57½	37½	25	16	11	6½	–
PUTS								
Dec	12	15	25	42½	62½	87½	107	–
Mar	20	27½	35	47½	57½	77½	97½	–

FT-SE INDEX (*2447)

	2400	2450	2500	2550	2600	2650	2700	2750
CALLS								
Nov	53	19	4½	1	½	½	½	½
Dec	90½	58½	34	19	9½	4	2	1½
Jan	116	84½	58½	38½	23½	13	8	4
Feb	158	108	78½	55½	37	24½	15½	10
Jun †	195	–	138	–	88	–	55	–
PUTS								
Nov	11	29½	65	113	163	213	263	313
Dec	36½	54	82½	119	167	214	264	314
Jan	48½	68½	93	126	166	216	265	315
Feb	58	78	103	133	170	216	265	315
Jun †	99	–	136	–	200	–	280	–

November 22 Total Contracts 27,028
Calls 12,287 Puts 14,741
FT-SE Index Calls 2,529 Puts 5,875
Euro FT-SE Calls 72 Puts 186
Eurotrack 100 Index Calls 0 Puts 0
*Underlying security price † Long dated expiry months
Premiums shown are based on middle prices

EDUCATION

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SCHOOL FEES

CLUBS

S-E Banken sells most of share option in Skandia

By Robert Taylor in Stockholm

SKANDINAVISKA-Enskilda Banken (S-E Banken), Sweden's leading commercial bank, is selling for SKr4bn (US$685m) most of its 28.2 per cent share option in Skandia, the country's largest insurance company. The buyers will be Hafnia, the Danish insurance conglomerate, and Uni-Storebrand, the Norwegian insurance group.

The decision taken by S-E Banken's board means an estimated loss to the bank of about SKr700m. It represents a severe blow to S-E Banken's ambitions to build a large Nordic financial conglomerate linking banking with insurance. S-E Banken will retain 4.9 per cent of the option which it acquired just over a year ago.

Once the agreement is completed in February, Hafnia will own 14.8 per cent of Skandia, while Uni-Storebrand will have 28.1 per cent. The two plan to place part of their Skandia holdings in Finland and part with a leading undisclosed European insurance company.

With Finland's insurance company Pohjola already owning 10.5 per cent of Skandia's shares, S-E Banken's decision represents a further step forward in Nordic co-operation in the insurance industry.

Together they will own 58.4 per cent of Skandia. Under the agreement signed yesterday it is stated that the aim is "to create the basis for the Nordic ownership of a large and internationally competitive bank and insurance company".

Bjorn Wolrath: sees sale as a positive move

Mr Bo Ramfors, S-E Banken's chief executive, admitted that selling most of its Skandia share option was "a setback for the bank and for myself personally. It cost us a tidy amount and we did not succeed in achieving the ambition we had to create a joint Swedish bank and insurance company to meet competition in the international arena."

When S-E Banken bought the 28.2 per cent share option in Skandia for SKr4.7bn last October it was hailed as the first step in a strategy designed to create a diversified Nordic financial services conglomerate through a merger of Sweden's largest bank with its biggest insurance company.

However, Skandia's senior management strongly resisted S-E Banken's grand design, arguing that an amalgamation with the bank was not in the insurance company's best interests.

Yesterday Mr Bjorn Wolrath, Skandia's chief executive officer, said the selling of S-E Banken's share option was a positive move but he added time would be needed to study the situation and discuss the company's future with its new dominant shareholders.

The sale will take place in two stages. Uni and Hafnia took on 23.3 per cent of Skandia's share option yesterday. They will exercise the purchase option and buy 11.1m of the 17.9m shares involved on December 13 at SKr222 per share. The full cost for them will be SKr2.47bn.

At the end of February the remaining 6.8m shares will be acquired by Uni and Hafnia for SKr225 per share for a total cost of SKr1.52bn. Some of those shares will then be sold on to Pohjola in Finland and another as yet unnamed European insurance company.

S-E Banken will exercise its option on its 4.9 per cent share capital in Skandia. It has undertaken not to divest those shares for the next two years and for an additional six months offer UNI and Hafnia the right of first refusal on its Skandia holding. S-E Banken has also given a guarantee in the event of a new issue of Hafnia shares to underwrite it to a total of DKr700m.

US clothing retailer cloaked in mystery

By Karen Zagor in New York

WHERE is Mr Victor Incendy and why did he vanish days before his company was slated to refute rumours of accounting irregularities?

These are only two of the questions Wall Street is asking after the mysterious disappearance of the chairman of Cascade International, a Boca Raton, Florida-based cosmetics and women's clothing retailer.

Many Cascade stores appear as difficult to find as Mr Incendy. According to Overpriced Stock Service, a California newsletter, only 18 stores appear in the state's tax records although Cascade claims to have 29 Californian outlets. The company says it has 19 stores in New York and New England, but only one, Fran's Fashions, is listed in the phone directory.

To add to the mystery, neither the Boca Raton Police Department nor the Palm Beach Country Sheriff's Office have received a missing person's report for Mr Incendy.

The FBI is examining Cascade for possible criminal violations. The company believes the FBI is also looking into Mr Incendy's disappearance for signs of foul play.

In retrospect, the Cascade story was too good to be true. At a time when most US retailers were struggling to stay in the black, Cascade reported soaring profits, up 44 per cent to $11.2m on revenue growth of 13 per cent to $59.2m for its fiscal year ending June 30.

Cascade's shares also found favour, climbing from $3¼ in January to a high of $11¾ in August. Trading has been halted, at $2½, since Mr Incendy's disappearance.

Cascade had recently come under investor scrutiny. The company had planned to meet with analysts and investors on Wednesday to address concerns about the accuracy of its financial statements. Many investors also questioned why a growing Florida company's books were being audited by a one-man accounting office in New York. Furthermore, Cascade's accountant, Mr Bernard Levy, was disciplined in 1989 by the New York accountancy board for failing to file a client's tax returns.

The company now admits that its financial statements "may not be accurate" and has brought in Coopers & Lybrand to review its financial statements and stock transactions.

In the meantime, Cascade says it plans to go ahead and sue Overpriced Stock Service for trade defamation over an article which Cascade recently claimed was "filled with numerous falsehoods and half-truths."

JAPANESE INTERIM RESULTS

Mixed outcome from commercial banks

By Robert Thomson in Tokyo

THE LEADING Japanese commercial banks reported mixed results as the country's financial bubble continued to collapse in the first half to the end of September. Dai-Ichi Kangyo Bank (DKB), the largest, showed a 28.4 per cent increase in pre-tax profit, but Daiwa Bank reported a 16.4 per cent fall.

Higher profits were attributed to fluctuations in lending and fundraising rates that worked in the banks' favour, as the institutions have been slow to reduce prime lending rates in spite of falling market rates.

However, statements released by the banks reflected concern about non-performing loans, which have increased with the collapse of Japan's speculative "bubble". DKB's reserve for possible loan losses at the end September stood at Y243.8bn ($1.88bn), an 18 per cent increase on September last year.

Sumitomo Bank, which has been entangled in the "bubble"-related financial scandals at Itoman, the trading house, reported a 0.7 per cent decrease in pre-tax profit to Y124.6bn, but was still the most profitable of the 11 leading commercial banks.

JAPANESE COMMERCIAL BANKS

Results for half year to September

	Net business profit Ybn	% change	Pre-tax profit Ybn	% change	International revenues Ybn	% change
Sumitomo	138.7	-2.0	124.6	-0.7	91.04	-5.3
Sanwa	117.4	0.9	114.0	21.2	72.59	3.5
Fuji	112.4	37.4	104.2	16.9	88.20	63.0
Mitsubishi	96.2	27.3	97.8	7.2	73.18	21.2
Dai-Ichi Kangyo	92.6	4.8	99.6	23.4	59.47	12.7
Tokyo	81.5	5.2	38.6	5.6	121.50	52.9
Mitsui Taiyo Kobe	80.0	106.5	78.8	4.2	59.46	56.6
Kyowa Saitama	63.0	20.2	51.4	1.9	28.02	21.5
Tokai	48.1	32.5	48.0	-0.8	49.22	109.0
Daiwa	32.9	13.2	34.1	-16.4	15.56	-15.2
Hokkaido Taku.	16.6	37.6	16.2	32.0	7.90	-5.7

At the end of September, all but one of the leading banks were above the 8 per cent capital-to-asset ratio standard set by the Bank for International Settlements (BIS). Daiwa reported the highest ratio, 9.01 per cent, while the one exception was Mitsui Taiyo Kobe at 7.57 per cent.

Japanese banks are still under pressure to maintain those capital adequacy standards, and say they have been consciously limiting asset growth. But Ms Alicica Ogawa, of S.G. Warburg Securities, said borrowing was weak, though it was "difficult to distinguish whether a lack of loan demand or hesitance on the part of the lenders is the stronger trend".

Sanwa Bank, which reported a 21.2 per cent increase in pre-tax profit to Y114bn, also reported that its total assets at end-September were Y55,738bn, down from Y59,013bn at the same time last year.

Sanwa also showed an increase in its reserve for possible loan losses, which stood at Y193.26bn, against Y172.86bn at end-September 1990. The bank reported a large rise in profit, but its total income fell slightly, with fees and commission income down 18.8 per cent to Y30.4bn.

Mitsubishi Bank, whose pre-tax profit rose 7.2 per cent to Y97.8bn, reported an 11.2 per cent increase in income from interest on loans and discounts, but a 9.3 per cent fall in income from interest and dividends on securities.

The bank, which had a 9.6 per cent increase in assets, said that it "continued to emphasise selective asset growth". Mitsubishi attributed the increase in domestic interest income to a lowering of market interest rates "combined with a hike of more than 200 basis points in the interest rate on most of our Y4,000bn housing loan portfolio".

Mitsui Taiyo Kobe Bank's 106.5 per cent jump in net business profit was a result of the merger between Mitsui and Taiyo Kobe, and the bank reported a modest 4.2 per cent increase in pre-tax profit, as it faced increased costs arising from the merger.

NTT blames 13% fall on sharp jump in costs

By Steven Butler in Tokyo

NIPPON Telephone and Telegraph (NTT), the partially privatised Japanese telecommunications company, yesterday reported a 13 per cent decline in pre-tax profits to Y135.1bn (US$1.04bn) in the six months to the end of September. Revenues rose by 1.9 per cent to Y2,964.5bn.

NTT blamed the decline in profits on a large increase in depreciation costs and costs stemming from improvements to customer services.

The slow growth in revenues was blamed on a 3.8 per cent fall in dial charges, which account for about half of revenues, owing to increased competition, rate reductions, and a slowdown in the economy. An increasing range of the former state-owned monopoly's services are now subject to competition.

The number of new telephone installations also declined. NTT said these factors caused a decline in revenues of Y0.8bn.

Telegram revenues rose by 15.5 per cent to Y30.7bn, while revenues from pocket pagers were up by 14.5 per cent to Y48.9bn. Leased circuit revenues rose by 4.4 per cent to Y198.3bn.

At the operating level, profits were off by 16.8 per cent to Y212.55bn.

Non-operating costs, however, were down owing to a smaller loss on the valuation of negotiable securities. This amounted to Y2.28bn, compared to Y20.6bn a year ago. This brought the deficit in non-operating revenues down by 22.9 per cent to Y23bn.

Net earnings fell by half a per cent to Y69.54bn. An unchanged interim dividend of Y2,500 a share was declared.

NTT said business conditions would deteriorate in the second half of the year. It lowered it estimate for full-year pre-tax profits to Y375bn, compared to Y414.3bn last year.

Share trading halted on inquiry into Fokus Bank

THE FATE of troubled Fokus Bank, Norway's third biggest bank, appeared unclear yesterday when trading in its shares was suspended pending the outcome of an investigation into the bank's third-quarter accounts by the state-operated bank insurance fund, writes Karen Fossli in Oslo.

Parliament yesterday approved changes to a law which gives the state the right to force the write-down of shares in troubled banks and to decide new share issues to ensure the banks' continued operation.

Fokus explained that the state operated bank insurance fund, after examining Fokus's third-quarter accounts, will make a decision on whether it will force the value of the shares to be written down.

Fokus's shares have been thinly traded on the Oslo bourse at between NKr3 and NKr4 in recent months.

Earlier this week the bank reported a nine-month net loss of NKr1.3bn (US$206m).

Unisys withdraws stock offering for defence unit

By Louise Kehoe in San Francisco

UNISYS, the struggling computer manufacturer, said yesterday that it has withdrawn a public stock offering for its defence unit, Paramax, because of uncertainties surrounding the financial markets and US military spending.

The company also said, however, that it expects to report a fourth-quarter profit, its first since 1989.

Cancellation of the sale represents a setback for Unisys' efforts to pay down its heavy debts, which currently stand at just below $3bn. Unisys had expected to raise between $440m and $500m from the sale of 20m Paramax shares. In addition, the division was to have paid Unisys $332m in cash.

"A sale in a weak market at 'fire sale' prices would not serve the best interests of the company and its stakeholders," said Mr James Unruh, Unisys' chairman and chief executive.

He assured Unisys employees that the planned Paramax sale had represented "an opportunity but not a requirement", and that the defence unit will continue profitable operations as part of Unisys.

Paramax "is profitable with positive cash flow" and "well-positioned in the electronics and systems integration part of the industry", said Mr Unruh.

Unisys reported a net loss of $1.47bn for the first nine months of this year, including a restructuring charge of $1.2bn when the company made 10,000 employees redundant.

Mr Unruh said that the company remains "positioned financially to complete our restructuring program and expects to return a profit in the fourth quarter."

Unisys stock rose yesterday morning on the news, up 25 cents a share to $4.25, but the price of the company's junk bonds fell sharply.

Atlas Copco makes two mergers amid 45% slide

ATLAS COPCO, the Swedish maker of air compressors and industrial equipment, yesterday announced two corporate mergers, while reporting a 45 per cent drop in profits after financial items to SKr610m (US$104m) for the first nine months of 1991, writes John Burton in Stockholm.

It acquired AEG Elektrowerkzeuge, a German producer of electric hand-held tools with an annual turnover of DM425m ($259m). It also merged its mobile hydraulics subsidiary Monsun-Tison with the Volvo Flygmotor subsidiary Volvo Hydraulik in a new joint venture, Voac Hydraulic, which will have a turnover of SKr700m.

Atlas Copco predicted that earnings for the year will fall by 45 per cent to about SKr700m. Restructuring costs, including the dismissal of 2,000 employees, account for one-third of the profit decline.

The company has also lost SKr32m on foreign exchange transactions due to the falling dollar. Operating profits during the nine-month period dropped by 41 per cent to SKr789m.

Sales during the period fell by 8 per cent to SKr11bn, while orders decreased by 5 per cent to SKr11.7bn. The company explained that orders from the engineering industry and the construction and mining sectors remained weak.

No improvement is expected until the second half of 1992, according to Mr Michael Treschow, the Atlas-Copco president.

BIL takes joint control of Carter Holt Harvey

BRIERLEY Investments (BIL), the New Zealand investment and trading group, has formed a joint venture with US-based International Paper to control Carter Holt Harvey (CHH), New Zealand's biggest forestry group, writes Terry Hall in Wellington.

International Paper is paying about NZ$450m (US$255m) to buy half of BIL's 32 per cent stake in CHH. The arrangement is designed to add management expertise to CHH with the retirement, announced yesterday, of Mr Richard Carter, chairman, and his brother Ken, who together developed the company from a relatively small base.

It was also disclosed yesterday that CHH will probably not sell its investment in Chilean group Copec. CHH has been under pressure from its bankers to sell to reduce debt.

Mr John Dillon, the International Paper executive vice-president who has been appointed to the CHH board, said the purchase was part of the company's strategy to become a strong pacific rim player. It had existing joint ventures in Japan and Korea.

International Paper is one of the world's largest forestry companies with big investments in the US and Europe.

CHH yesterday announced net profits of NZ$84.94m for the six months to September compared with NZ$70.14m a year earlier. Turnover advanced to NZ$1.23bn from NZ$1.01bn and pre-tax profits were NZ$48.85m against NZ$41.71m.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1991	Low 1991
Gold per troy oz.	$368.45	+12.55	$384.25	$392.25	$353.55
Silver Per troy oz	231.15p	+4.90	210.60p	280.55	183.35p
Aluminium 99.7% (cash)	$1114.5	-43.5	$1556	$1570	$1099.5
Copper Grade A (cash)	£1317	-40.5	£1305	£1472	£1241.0
Lead(cash)	£285.5	+2.75	£345	£382.5	£282.75
Nickel (cash)	$7090	-290	$8075	$9237.5	$7090.0
Zinc SHG (cash)	$1182	+87.5	$1297	$1430	$990.25
Tin (cash)	$5530	+40	$6095	$5915	$5470
Cocoa Futures (Mar)	£759	-20	£747	£824	£596
Coffee Futures (Jan)	£598	+4	£582	£613	£492
Sugar (LDP Raw)	$218.8	+6.8	$260.0	$293	$194
Barley Futures (Jan)	£118.85	+1.0	£117.05	£121.50	£107.75
Wheat Futures (Jan)	£123.85	+1.25	£123.70	£141.10	£111.80
Cotton Outlook A Index	63.00c	-0.65	82.65c	88.25c	62.70c
Wool (64s Super)	398p	-5	404p	421p	329p
Oil (Brent Blend)	$20.225x	-1.2	$30.625	$29.15	$18.75

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb x-Jan

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$17.15-7.25q	-0.40
Brent Blend (dated)	$20.05-0.20	-0.60
Brent Blend (Jan)	$20.20-0.25	-0.55
W.T.I. (1 pm est)	$21.45-1.50q	-0.65

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$234-236	-2
Gas Oil	$200-201	-4
Heavy Fuel Oil	$85-88	-3
Naphtha	$210-213	-3
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$368.45	+2.90
Silver (per troy oz)♣	415.0c	+3.5
Platinum (per troy oz)	$373.00	-0.75
Palladium (per troy oz)	$85.25	
Copper (US Producer)	108.0c	-0.25
Lead (US Producer)	37.0c	
Tin (Kuala Lumpur market)	14.84r	
Tin (New York)	255.5c	+1.5
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	105.64p	+1.62*
Sheep (dead weight)†	147.41p	-4.25*
Pigs (live weight)†	88.46p	+1.30*
London daily sugar (raw)	$218.8x	+2.8
London daily sugar (white)	$277.8x	+2.8
Tate and Lyle export price	£229.5	+1.5
Barley (English feed)	£125.5u	
Maize (US No. 3 yellow)	£142.5	
Wheat (US Dark Northern)	£101.0	
Rubber (Dec)♥	50.75p	
Rubber (Jan)♥	51.00p	
Rubber (KL RSS No 1 Dec)	221.0m	-0.5
Coconut oil (Philippines)§	Unq.	
Palm Oil (Malaysian)§	$352.5z	
Copra (Philippines)§	$385.0z	+10
Soyabeans (US)	£147.5	-1.0
Cotton "A" Index	63.00c	
Wooltops (64s Super)	398p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Jan t-Sep/Dec u-Jan/Mar x-Nov/Dec y-Jan/Feb z-Dec. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg

SUGAR – London FOX ($ per tonne)				
Raw	Close	Previous	High/Low	
Dec	182.00	182.00	182.00	
Mar	188.20	184.60	188.00	183.00
May	190.00	185.00	185.00	182.60
Aug	194.20	189.00	194.00	189.00
Oct	192.20	188.60	192.00	185.00
White	Close	Previous	High/Low	
Mar	278.0	278.5	279.0	274.8
May	278.5	278.5	277.9	274.8
Aug	282.0	278.5	278.7	
Oct	260.0	256.5	259.5	255.2
Dec	257.4		264.5	254.0
Mar	258.4	255.0	258.0	253.6
May	259.0	256.0	257.0	255.2

Turnover: Raw 281 (445) lots of 50 tonnes. White 983 (1524)

Paris- White (FFr per tonne): Mar 1522.42, May 1525.68

CRUDE OIL – IPE ($/barrel)	Latest	Previous	High/Low	
Jan	20.20	20.54	20.60	20.18
Feb	20.04	20.37	20.41	20.04
Mar	19.99	20.14	20.17	19.98
Apr	19.81	19.90	19.95	19.81
May	19.64	19.75	19.80	19.64
IPE Index	20.75	20.83		

Turnover 18012 (13554)

GAS OIL – IPE ($/tonne)	Close	Previous	High/Low	
Dec	198.25	202.75	201.00	196.50
Jan	198.50	203.50	201.75	198.00
Feb	195.75	199.25	197.75	195.00
Mar	189.50	193.00	191.75	189.50
Apr	182.50	185.00	184.00	182.50
May	178.50	180.50	179.50	176.50
Jun	175.25	178.00	175.25	174.00
Jul	175.00	178.00	176.00	174.50
Aug	177.50		178.00	177.50

Turnover 18116 (12423) lots of 100 tonnes

SPICES

The arrival of rain in the main pepper producing areas this week halted the sustained rise that had white pepper prices to a level of about US$1,550-$1,600 a tonne, cif, reports Man Producten. The advance had been fuelled by many speculative purchases but buying interest has now dried up and prices have declined by about $100 a tonne. Black pepper prices remained more or less stable at about $1,150-$1,200 a tonne, spot Europe and £1,050 a tonne, cif, for prompt shipment from Brazil, still the lowest priced source. Trading activity was rather slow.

COCOA – London FOX (£/tonne)	Close	Previous	High/Low
Dec	721	729	729 719
Mar	759	768	769 757
May	781	789	789 780
Jul	804	812	811 803
Sep	825	835	834 825
Dec	854	861	861 854
Mar	882	887	886 883
May	900	904	904 900
Sep	928	934	937 927

Turnover: 8996 (6053) lots of 10 tonnes

ICCO indicator prices (SDRs per tonne). Daily price for Nov.21 966.35 (970.48) 10 day average for Nov.22 953.61 (953.37)

COFFEE – London FOX (£/tonne)	Close	Previous	High/Low
Nov	593	603	603 586
Jan	598	607	606 591
Mar	580	591	590 575

Turnover:3212 (6241) lots of 5 tonnes

ICO indicator prices (US cents per pound) for Nov.21: Comp. daily 66.82 (66.46) 15 day average 64.03 (63.79)

POTATOES – London FOX (£/tonne)	Close	Previous	High/Low
Mar	129.5	130.0	128.9
Apr	129.3	129.6	129.1 128.5

Turnover 152 (117) lots of 20 tonnes.

SOYAMEAL – London FOX (£/tonne)	Close	Previous	High/Low
Apr	127.50	128.00	127.50
Jun	122.00	122.50	122.00
Aug	122.50	122.50	122.50

Turnover 30 (116) lots of 20 tonnes.

FREIGHT – London FOX ($10/index point)	Close	Previous	High/Low
Nov	1621	1632	1620
Jan	1694	1700	1705 1695
Apr	1695	1700	1705 1691
BFI	1597	1595	

Turnover 211 (362)

GRAINS – London FOX (£/tonne)	Close	Previous	High/Low
Wheat	Close	Previous	High/Low
Nov	123.60		121.75
Jan	123.85	124.20	124.25 123.80
Mar	127.20	127.50	127.50 127.05
May	130.10	130.50	130.50 130.00
Barley	Close	Previous	High/Low
Nov	116.10	115.90	116.40 116.10
Jan	118.85	118.50	119.00 118.75
Mar	121.85	121.50	121.90 121.85
May	123.85		123.90

Turnover: Wheat 234 (369). Barley 205 (129). Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg	Close	Previous	High/Low
Feb	105.0	104.8	105.0
Mar	108.0		107.0
Apr	108.0		108.0
May	109.0		109.0
Jun	108.5	108.0	108.0

Turnover:76 (27) lots of 3,250 kg

MGMI – London FOX	Close	Prev.	High	Low	Vol
Indx	134.91	135.15			

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 16,073 lots	
Cash	1114-5	1124.5-5.5	1118/1117	1117-7.5		
3 months	1140-1	1151-1.5	1160/1136	1143-4	1141-2	134,672 lots
Copper, Grade A (£ per tonne)					Total daily turnover 27,848 lots	
Cash	1316-8	1311-2	1321/1313	1315-6		
3 months	1290-1	1290-1	1294/1290	1292.5-3	1288-90	109,161 lots
Lead (£ per tonne)					Total daily turnover 3,198 lots	
Cash	285-6	284-5		284-4.5		
3 months	295.5-6	296.5-6	297/294	293.5-4	296.5-7	14,456 lots
Nickel ($ per tonne)					Total daily turnover 3,284 lots	
Cash	7085-95	7145-55		7085-75		
3 months	7160-75	7210-5	7200/7130	7135-40	7175-80	18,464 lots
Tin ($ per tonne)					Total daily turnover 494 lots	
Cash	5525-35	5610-20	5520	5515-20		
3 months	5585-90	5570-5	5595/5570	5575-80	5586-90	5,013 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 9,637 lots	
Cash	1181-3	1180-2	1196/1183.5	1195.5-6.6		
3 months	1180-1	1180-1	1210/1155	1192-3	1180-2	38,841 lots

LME Closing £/$ rate: SPOT: 1.7980 | 3 months: 1.7749 | 6 months: 1.7597 | 9 months: 1.7370

LONDON BULLION MARKET (Prices supplied by N.M.Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	368.25-368.65	
Opening	367.30-367.70	
Morning fix	367.20	204.523
Afternoon fix	367.95	204.599
Day's high	369.00/369.40	
Day's low	367.00/367.40	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	4.50	6 months	4.40
2 months	4.60	12 months	4.30
3 months	4.50		

Silver fix	p/fine oz	US cts equiv
Spot	230.10	413.25
3 months	236.25	418.30
6 months	242.40	423.40
12 months	254.45	433.45

GOLD COINS (Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	366.00-369.00	204.50-205.00
Maple leaf	378.00-379.00	210.25-210.75
New Sovereign	89.50-90.50	49.75-50.25

TRADED OPTIONS

Coffee	Jan	Mar	Jan	Mar
550	53	44	5	14
600	21	19	23	39
650	6		58	
Cocoa	Mar	May	Mar	May
750	47	67	38	38
775	35	54	51	48
800	26	43	67	64

Brent Crude	Jan	Feb	Jan	Feb
2050	36	60	55	82
2100	19	37	77	112
2150	10	[illegible]	113	

New York

GOLD 100 troy oz.; $/troy oz.	Latest	Previous	High/Low	
Dec	369.6	368.6	370.2	367.9
Feb	372.7	371.6	373.2	370.7
Apr	375.3	374.1	375.8	373.3
Jun	378.0	3376.6	378.0	376.2
Aug	379.7	379.2	379.7	379.7
Dec	385.0	384.5	386.0	384.0

PLATINUM 50 troy oz; $/troy oz.	Latest	Previous	High/Low	
Jan	374.0	374.3	376.0	372.0
Apr	376.0	376.8	378.8	375.5

SILVER 5,000 troy oz; cents/troy oz.	Latest	Previous	High/Low	
Dec	413.5	412.5	416.5	411.0
Mar	419.6	418.6	422.0	417.0
May	421.5	422.5	425.0	421.5
Jul	428.5	426.3	429.0	426.5
Dec	437.5	436.3	439.6	436.0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Nov.22	Nov.21	mnth ago	yr ago
1628.6	1622.2	1699.7	1705.9

DOW JONES (Base: Dec. 31 1974 = 100)	Nov.21	Nov.20	mnth ago	yr ago
Spot	114.95	114.90	114.67	123.86
Futures	122.96	122.75	124.36	126.21

HIGH GRADE COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
Nov	103.35	103.75	103.90	103.30
Dec	103.10	103.45	103.65	102.90
Jan	102.85	103.15	103.15	102.85
Feb	102.40	102.70	102.70	102.35
Mar	102.15	102.45	102.70	102.10
Apr	101.65	101.95	0	0
May	101.15	101.45	101.60	101.10
Jun	100.70	101.00	0	0
Jul	100.25	100.55	100.80	100.30
Aug	99.80	100.10	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel	Latest	Previous	High/Low	
Jan	21.52	21.78	21.82	21.38
Feb	21.34	21.63	21.66	21.20
Mar	21.16	21.45	21.46	21.02
Apr	21.02	21.27	21.28	20.95
Jun	20.70	20.96	21.03	20.80
Jul	20.67	20.83	20.85	20.78
Aug	20.53	20.73	20.58	20.53
Sep	20.45	20.65	20.50	20.48
Oct	20.45	20.60	20.67	20.43

HEATING OIL 42,000 US galls, cents/US galls	Latest	Previous	High/Low	
Jan	6365	6459	6470	6355
Feb	6335	6398	6398	6325
Mar	6095	6141	6145	6090
May	5625	5660	5680	5625
Jul	5500	5515	5550	5525
Aug	5550	5560	5580	5550
Sep	5670	5670	5670	5640

COCOA 10 tonnes;$/tonnes	Latest	Previous	High/Low	
Dec	1199	1215	1214	1199
Mar	1250	1277	1274	1250
May	1286	1310	1305	1286
Jul	1324	1343	1325	1324
Dec	1385	1402	1396	1385
Mar	1419	1437	1427	1419
Sep	1478	1501	1495	1478

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low	
Dec	78.50	79.95	79.80	78.60
Mar	84.15	84.70	84.60	83.70
May	86.50	87.55	87.15	86.40
Jul	88.95	89.80	89.50	88.90
Sep	91.70	92.45	92.10	91.70
Dec	95.15	96.00	95.25	95.25
Mar	98.50	99.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low	
Mar	8.63	8.44	8.64	8.41
May	8.65	8.44	8.67	8.41
Jul	8.69	8.43	8.71	8.42
Oct	8.71	8.43	8.72	8.42
Mar	8.58	8.37	8.54	8.39

COTTON 50,000; cents/lbs	Latest	Previous	High/Low	
Dec	56.60	58.25	57.20	55.85
Mar	58.73	60.73	59.23	58.73
May	59.75	61.75	60.25	59.75
Jul	60.50	62.50	61.00	60.50

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low	
Jan	184.10	187.95	187.90	183.50
Mar	165.85	169.00	169.50	165.50
May	166.50	169.50	169.70	165.80
Jul	166.25	169.00	170.00	166.50
Sep	165.50	167.25	168.00	166.00
Nov	155.50	158.25	159.00	157.00
Jan	154.60	155.45	0	0
Mar	154.50	155.45	[illegible]	[illegible]

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Latest	Previous	High/Low	
Jan	561/4	558/6	564/2	559/0
Mar	567/4	566/2	571/0	566/0
May	573/4	573/0	578/0	573/2
Jul	581/4	580/4	585/2	580/2
Aug	583/0	583/0	586/4	583/0
Sep	582/2	580/2	584/4	582/0
Nov	585/4	582/6	586/0	582/2

SOYABEAN OIL 60,000 lbs; cents/lb	Latest	Previous	High/Low	
Dec	18.85	18.60	19.10	18.65
Jan	18.95	18.78	19.23	18.82
Mar	19.36	19.11	19.65	19.18
May	19.62	19.36	19.65	19.50
Jul	19.88	19.70	20.11	19.80
Aug	20.05	19.80	20.30	19.85
Sep	20.20	20.01	20.30	20.12
Oct	20.15	20.00	20.30	20.15

SOYABEAN MEAL 100 tons; $/ton	Latest	Previous	High/Low	
Dec	178.8	179.9	180.7	178.4
Jan	177.3	178.8	179.5	177.1
Mar	175.8	177.2	177.9	175.5
May	175.0	176.0	176.7	174.5
Jul	175.5	176.5	177.4	175.3
Aug	176.0	176.8	177.0	176.0
Sep	176.3	176.8	177.0	175.8
Oct	186.5	187.0	188.0	187.4

MAIZE 5,000 bu min; cents/56lb bushel	Latest	Previous	High/Low	
Dec	240/2	241/2	242/0	240/2
Mar	250/4	251/2	251/6	250/2
May	256/6	257/6	258/0	256/6
Jul	261/4	262/2	262/4	261/4
Sep	257/0	257/2	258/0	257/0
Dec	253/4	253/4	253/6	252/6
Mar	261/0	260/0	261/0	261/0

WHEAT 5,000 bu min; cents/60lb-bushel	Latest	Previous	High/Low	
Dec	366/0	365/4	369/4	364/4
Mar	368/0	365/4	370/4	365/2
May	351/0	348/4	352/0	348/2
Jul	325/0	323/0	325/0	321/0
Dec	341/0	340/0	341/0	337/0

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low	
Dec	74.42	74.60	74.62	73.85
Feb	75.30	75.32	75.50	74.82
Apr	74.85	75.27	75.35	74.50
Jun	71.45	71.50	71.55	70.90
Aug	69.22	69.47	69.50	69.15
Oct	69.40	69.75	69.70	69.40
Dec	70.50	70.90	70.80	70.40

LIVE HOGS 40,000 lb; cents/lbs	Close	Previous	High/Low	
Dec	42.02	41.92	42.12	41.75
Feb	42.90	42.75	43.00	42.80
Apr	40.62	40.40	40.75	40.05
Jun	45.65	45.70	45.70	45.20
Jul	45.60	45.65	45.75	45.48
Aug	44.40	44.50	44.40	44.15
Oct	41.10	41.02	41.25	41.10
Dec	41.80	41.80	0	0

PORK BELLIES 40,000 lbs; cents/lb	Close	Previous	High/Low	
Feb	39.52	39.85	40.17	39.65
Mar	39.32	39.65	40.05	39.25
May	40.55	40.80	41.07	40.15
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

D-Mark puts pressure on £

THE seemingly unstoppable rise of the D-Mark put severe pressure on almost every major currency yesterday, and threw sterling into a spin.

The UK currency has fallen more than 5 pfennings this week, prompting the media to talk of a sterling crisis. Sterling closed last night at DM2.8500, down from DM2.8675 on Thursday's close.

However, economists were more sanguine and blamed sterling's troubles on a strong D-Mark boosted by speculation over a rates increase, a weak dollar and talk of a realignment of ERM currencies before Maastricht.

"Within the ERM, it is a D-Mark problem, not a sterling problem," said Mr Christian Dunis of Chemical Bank. "However, if the Bank of England is not more present within the market, what is now a D-Mark problem could well become a sterling problem."

The Bank of England came under some fire from dealers for not being more active, although there were unsubstantiated reports of intervention.

The Bank would only say: "We care what happens to sterling. The Bank of England is not complacent."

Some of the D-Mark's strength yesterday also came from dealers preparing for the weekend. "We will continue to see such Friday moves until the Bundebank raises its rates," said Mr Dunis. "No one wants to be short of D-Marks."

The announcement of Germany's money supply figures – which rose at an annualised rate of 4.8 per cent in October – gave an added boost to the D-Mark. "It has reinforced expectations that the Bundesbank is going to raise rates soon," said one dealer.

There was also some anxiety within the markets over a possible realignment of currencies before the Maastricht summit on monetary union next month. Such a realignment would shatter the credibility of the ERM, said economists.

The dollar continued to suffer at the hands of the D-Mark and the falling Dow Jones Industrial Index, closing at DM1.5855, compared with DM1.5955 on Thursday.

The US currency has fallen more than 3 per cent against the D-Mark since last week and hit new lows against the German currency of DM1.5845.

Within the EMS, the D-Mark moved up from fourth to third position. The peseta continued to weaken, with little sign from the Bank of Spain of any support.

The D-Mark closed just off its highs against the Spanish currency. The peseta closed at 63.00/05 per D-Mark, compared with 63.62/66.

The floor for sterling fell to DM2.8139, a new low since joining the ERM.

£ IN NEW YORK

Nov.22	Latest	Previous Close
£ Spot	1.7976-1.7985	1.7910-1.7920
1 month	0.89-0.88pm	0.92-0.90pm
3 months	2.56-2.54pm	2.51-2.48pm
12 months	9.23-9.13pm	9.05-8.95pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Nov.22	Previous
8.30 am	91.0	91.2
9.00 am	91.0	91.2
10.00 am	91.0	91.3
11.00 am	90.9	91.2
Noon	90.8	91.2
1.00 pm	90.7	91.2
2.00 pm	90.7	91.2
3.00 pm	90.8	91.2
4.00 pm	90.8	91.2

CURRENCY MOVEMENTS

Nov 22	Bank of England Index	Morgan** Guaranty Changes %
Sterling	90.8	-20.6
U.S Dollar	62.6	-16.5
Canadian Dollar	104.8	+2.9
Austrian Schilling	110.4	+12.3
Belgian Franc	112.3	-1.5
Danish Krone	109.4	+3.3
D-Mark	119.6	+25.5
Swiss Franc	109.2	+17.4
Dutch Guilder	115.2	+16.6
French Franc	103.5	-12.8
Lira	98.8	-19.0
Yen	139.7	+74.0

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Nov 21

CURRENCY RATES

Nov 22	Bank § rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.775824	0.714218
U.S Dollar	5.00	1.39082	1.28251
Canadian $	8.17	1.57955	1.46078
Austrian Sch	7.50	15.7163	14.3320
Belgian Franc	8.00	45.9944	41.9444
Danish Krone	9.50	[illegible]	[illegible]

§ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Nov 21

OTHER CURRENCIES

[illegible]

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.7980	1.7892	1.7729	1.7490	1.7060
D-mark	2.8500	2.8469	2.7770	2.8353	2.8192
French Fr.	9.7450	9.6940	9.5705	9.3700	8.8865
Swiss Fr.	2.5375	2.5319	2.5229	2.5077	2.4777
Yen	232.75	231.89	230.20	227.60	222.22

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Nov 22	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	130.355	-2.45	5.06	42
Belgian Franc	42.4032	41.9444	-1.08	3.60	45
D-Mark	2.05586	2.03611	-0.96	3.48	51
Dutch Guilder	2.31643	2.29415	-0.96	3.48	39
Irish Punt	0.767417	0.762716	-0.61	3.11	20
Italian Lira	1538.24	1540.61	0.15	2.33	-15
French Franc	6.89509	6.96017	0.94	1.53	-61
Danish Krone	7.84195	7.91756	0.96	1.50	-51
Sterling	0.696904	0.714210	2.48	0.00	-48

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Nov 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7915 - 1.7985	1.7975 - 1.7985	0.89-0.87cpm	5.87	2.53-2.50pm	5.60
Canada	2.0390 - 2.0475	2.0445 - 2.0455	0.55-0.46cpm	2.96	1.50-1.40pm	2.84
Netherlands	3.2075 - 3.2300	3.2075 - 3.2175	¾-¼cpm	1.17	¾-½pm	0.93
Belgium	58.60 - 59.10	58.75 - 58.85	8-4cpm	1.22	15-10pm	0.85
Denmark	11.0825 - 11.1525	11.0925 - 11.1025	1½-¾orepm	1.22	3¼-2pm	0.92
Ireland	1.0690 - 1.0740	1.0700 - 1.0710	0.01-0.05pdis	-0.34	0.05-0.15dis	-0.37
Germany	2.8475 - 2.8650	2.8475 - 2.8525	½-¼pfpm	1.32	¾-½pm	0.96
Portugal	251.00 - 253.25	251.50 - 252.50	34-61cdis	-2.26	40-150dis	-1.51
Spain	181.80 - 183.00	182.30 - 182.60	26-46cdis	-2.37	80-110dis	-2.08
Italy	2154.75 - 2168.50	2156.25 - 2157.25	2-3liredis	-1.39	5-7dis	-1.11
Norway	11.2200 - 11.2925	11.2325 - 11.2425	½orepm-par	0.27	1½-¼pm	0.27
France	9.7400 - 9.7900	9.7400 - 9.7500	⅝-⅛cpm	0.62	1¾-1½pm	0.69
Sweden	10.4300 - 10.4950	10.4400 - 10.4500	⅛-⅜oredis	-0.29	par-⅜dis	-0.14
Japan	232.25 - 233.25	232.25 - 233.25	⅞-¾ypm	4.19	2⅝-2½pm	4.40
Austria	20.05 - 20.17	20.06 - 20.09	2½-1¼gropm	1.16	6-3pm	0.90
Switzerland	2.5325 - 2.5500	2.5325 - 2.5425	⅝-½cpm	2.66	1⅝-1½pm	2.36
Ecu	1.4010 - 1.4080	1.4055 - 1.4065	0.10-0.02cpm	0.51	0.19-0.08pm	0.38

Commercial rates taken towards the end of London trading. Six-month forward dollar 4.93-4.88cpm. 12 Month 9.25-9.15cpm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Nov 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7915 - 1.7985	1.7975 - 1.7985	0.89-0.87cpm	5.87	2.53-2.50pm	5.60
Ireland†	1.6700 - 1.6835	1.6820 - 1.6830	0.86-0.81cpm	5.96	2.20-2.10pm	5.11
Canada	1.1350 - 1.1390	1.1375 - 1.1385	0.26-0.29cdis	-2.90	0.71-0.77dis	-2.60
Netherlands	1.7815 - 1.8005	1.7860 - 1.7870	0.70-0.73cdis	-4.80	2.06-2.10dis	-4.66
Belgium	32.65 - 32.90	32.65 - 32.75	11.00-13.00cdis	-4.40	35.00-39.00dis	-4.53
Denmark	6.1700 - 6.2100	6.1700 - 6.1750	2.35-2.65oredis	-4.86	6.79-7.35dis	-4.57
Germany	1.5845 - 1.6000	1.5850 - 1.5860	0.60-0.61pfdis	-4.58	1.83-1.85dis	-4.64
Portugal	140.30 - 141.00	140.50 - 140.60	80-90cdis	-7.26	253-273dis	-7.48
Spain	101.40 - 102.00	101.60 - 101.70	68-72cdis	-8.26	195-205dis	-7.83
Italy	1199.00 - 1207.75	1199.25 - 1199.75	6.90-7.40liredis	-7.15	19.50-20.30dis	-6.64
Norway	6.2450 - 6.2875	6.2475 - 6.2525	2.80-3.10oredis	-5.66	8.05-8.55dis	-5.31
France	5.4150 - 5.4625	5.4175 - 5.4225	2.35-2.41cdis	-5.27	6.68-6.78dis	-4.97
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Nov 22	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	10½ - 10¼	10⅝ - 10⅞	10⅞ - 10⅝	10¼ - 10⅛	10¼ - 10⅛	10¼ - 10⅛
US Dollar	4⅞ - 4⅝	4⅞ - 4¾	4⅞ - 4¾	5 - 4⅞	5 - 4⅞	5¼ - 5
Can. Dollar	7⅛ - 7	7⅝ - 7⅛	7⅛ - 7¼	7½ - 7¼	7⅜ - 7¼	7⅜ - 7¼
Dutch Guilder	9⅜ - 9¼	9⅜ - 9¼	9⅜ - 9¼	9½ - 9⅜	9½ - 9⅜	9½ - 9⅜
Swiss Franc	7⅞ - 7⅝	7⅞ - 7⅝	7⅞ - 7⅞	8⅛ - 8⅛	8⅛ - 7⅞	8 - 7⅞
D-Mark	9⅛ - 8⅞	9⅛ - 8⅞	9⅛ - 9	9⅞ - 7⅞	9⅞ - 9⅞	9⅞ - 9⅞
French Franc	10 - 9⅞	10 - 9⅞	9⅞ - 9⅞	9⅞ - 9⅞	9⅞ - 9⅞	9⅞ - 9⅞
Italian Lira	12 - 10	12½ - 12	12 - 11½	12 - 11½	11⅞ - 11½	11⅞ - 11⅞
Belgian Franc	9⅛ - 9	9⅛ - 9	9⅞ - 9⅞	9½ - 9⅜	9½ - 9⅜	9½ - 9⅜
Yen	6⅞ - 6⅛	6⅞ - 6⅞	6⅞ - 6⅝	6⅞ - 6⅞	5⅞ - 5⅞	5⅞ - 5⅞
Danish Krone	9⅛ - 9	9⅞ - 9⅞	9⅞ - 9¼	9⅝ - 9⅝	9⅝ - 9½	9⅞ - 9⅝
Asian $Sing	3⅞ - 3¼	3⅞ - 3¼	3⅜ - 3⅜	3⅞ - 3⅞	4 - 3⅞	4⅞ - 4⅞

Long term Eurodollars: two years 5⅞-5⅞ per cent; three years 6⅛-6⅛ per cent; four years 6¼-6½ per cent; five years 7¼-7 per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Nov.22	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.798	2.850	232.7	9.745	2.537	3.212	2157	2.045	58.80	1.406
$	0.556	1	1.585	129.4	5.420	1.411	1.786	1200	1.137	32.70	0.782
DM	0.351	0.631	1	81.65	3.419	0.890	1.127	756.8	0.718	20.63	0.493
YEN	4.297	7.727	12.25	1000.	41.88	10.90	13.80	9269	8.788	252.7	6.042
F Fr.	1.026	1.845	2.925	238.8	10.	2.603	3.296	2213	2.099	60.34	1.443
S Fr.	0.394	0.709	1.123	91.72	3.841	1	1.266	850.2	0.806	23.18	0.554
N Fl.	0.311	0.560	0.887	72.45	3.034	0.790	1	671.5	0.637	18.31	0.438
Lira	0.464	0.834	1.321	107.9	4.518	1.176	1.489	1000.	0.948	27.26	0.652
C$	0.489	0.879	1.394	113.8	4.765	1.241	1.571	1055	1	28.75	0.688
B Fr.	1.701	3.058	4.847	395.7	16.57	4.315	5.463	3668	3.478	100.	2.391
Ecu	0.711	1.279	2.027	165.5	6.931	1.804	2.284	1534	1.454	41.82	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

[illegible]

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.7980	1.7892	1.7729	1.7490	1.7060

MONEY MARKETS

Rate rise fears grow

THE WHISPER about a rates hike in the UK is getting louder, as the money markets succumb to the doom and gloom view on sterling.

The key three-month interbank rate – which is often taken as a guide to the level of base rates in the UK – rose ⅛ of a point to 10¼-⅛.

The December short sterling contracts were equally pessimistic, falling as low as 89.20 during the day and implying base rates of 10.8 per cent. Dealers said it almost looked as if the December contract was betting on a rise in base rates before the middle of that month.

Although most of the short contracts were looking for a rise, on the floor, traders were more pragmatic. "The political implications of a rates rise would be suicidal," said one dealer from a leading discount house. He added that a base rates rise in the UK could even be counter-productive for sterling. "A rates rise would kill any economic recovery that is likely to happen," he said.

However, many dealers would not discount a rates rise before the end of the first quarter of 1992. Attention will be focused on events in Germany over the next few weeks.

The Bank of England kept a squeeze on liquidity in the morning, with overnight rates hitting 11¼ per cent during the day.

A shortage of £1.2bn was forecast and £241m was injected in early trading through bands one and two bank bills at 10⅜ per cent.

In the afternoon, the Bank stepped in with assistance of £784m and late trading saw a further injection of £30m. Overnight rates settled at 10¾-¼ by the end of the day.

In Germany, call money eased slightly from 8.95/9.05 to 8.95/9.00 per cent. The market was still floating on the liquidity injected earlier in the week by the Bundesbanks two securities repurchase tenders.

The threat of a squeeze from November tax payments next week was still worrying some dealers, although the majority seemed to feel that the liquidity levels were more than sufficient.

In the US, the Federal Reserve refrained from morning money market operations for the second consecutive day. Economists were not expecting any action as the Federal funds rate was soft at 4⅞. This is below the Fed's perceived target of 4¾ per cent. Funds traded at an average of 4.74 per cent.

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

FT LONDON INTERBANK FIXING

(11.00 a.m. Nov.22) 3 months US dollars		6 months US Dollars	
bid 4⅞	offer 5	bid 4⅞	offer 4⅞

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK Lunchtime

Prime rate	7½
Broker loan rate	7
Fed.funds	4⅞
Fed.funds at intervention	-

Treasury Bills and Bonds

One month	4.31	Three year	5.83
Two month	4.37	Four year	5.95
Three month	4.53	Five year	6.54
Six month	4.67	Seven year	6.98
One year	4.76	10-year	7.40
Two year	5.48	30-year	7.96

Nov.22	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.90-9.00	9.00-9.15	9.20-9.35	9.20-9.35	9.20-9.40	9.25
Paris	9⅞-10	9⅞-9⅞	9⅞-9⅞	9⅞-9⅞	9⅞-9⅞	9.25
Zurich	6⅞-7⅛	7⅝-7⅞	-	7⅞-8	-	-
Amsterdam	9.18-9.25	9.25-9.31	-	9.35-9.43	-	-
Tokyo	6⅞-6⅞	6⅛-6⅛	-	6⅛-6⅛	-	-
Milan	10⅞-10⅞	11⅞-12	-	11⅞-12⅛	-	-
Brussels	9⅛-9⅛	9⅞-9⅛	-	9⅞-9½	-	-
Dublin	10⅞-10⅞	10¼-10⅛	10¼-10⅛	10¼-10⅛	10¼-10⅛	-

LONDON MONEY RATES

Nov 22	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	11¼	10⅝	10⅞	10⅜	10⅜	10¼
Interbank Bid	10	10⅜	10⅞	10⅛	10½	10⅛
Sterling CDs	-	-	10⅝	10⅞	10⅞	10⅞
Local Authority Deps.	10¼	10⅞	10⅞	10½	10⅞	10⅞
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	10½	10⅞	-	-	-	-
Company Deposits	-	-	10⅝	10⅞	10⅞	10⅞
Finance House Deposits	-	-	10½	10½	10⅝	10⅞
Treasury Bills (Buy)	-	-	10⅞	10⅞	9⅞	-
Bank Bills (Buy)	-	-	10⅞	10⅞	10⅞	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	4.75	5.03	5.03	5.03
SDR Linked Dep. Offer	-	-	6⅞	6⅞	6⅞	6⅞
SDR Linked Dep. Bid	-	-	6⅛	6⅛	6⅞	6⅞
ECU Linked Dep. Offer	-	-	9⅞	10⅛	10⅛	10⅛
ECU Linked Dep. Bid	-	-	9⅞	9⅞	9⅞	9⅞

Treasury Bills (sell); one-month 10⅜ per cent; three months 10⅜ per cent; six months 9⅞ per cent; Bank Bills (sell): one-month 10⅜ per cent; three months 10⅜ per cent; Treasury Bills; Average tender rate of discount 10.1662 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day October 31, 1991. Agreed rates for period Nov.26, 1991 to December 24, 1991, Scheme I: 11.68 p.c., Schemes II & III: 11.68 p.c. Reference rate for period October 1, 1991 to October 31, 1991, Scheme IV&V: 10.447 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10½ from November 1, 1991; Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7 per cent; one-three months 9½ per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7 per cent from Sept 5, 1991. Deposits withdrawn for cash 5 per cent.

BANK RETURN

BANKING DEPARTMENT	Wednesday November 20 1991		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	118,138,153	-	11,732,104
Bankers Deposits	1,786,004,780	+	86,154,364
Reserve and other Accounts	3,267,328,391	-	58,245,920
	5,186,020,324	+	16,176,340
ASSETS			
Government Securities	1,460,205,591	+	103,240,000
Advance and other Accounts	1,909,852,873	+	85,311,236
Premises Equipment & other Secs	1,808,585,732	-	171,733,814
Notes	6,202,346	-	835,257
Coin	193,782	-	5,725
	5,186,020,324	+	16,176,340
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	15,903,797,654	+	835,257
Notes in Banking Department	6,202,346	-	835,257
	15,910,000,000		no change
ASSETS			
Government Debt	11,015,100		
Other Government Securities	12,153,517,321	-	411,315,782
Other Securities	3,745,467,579	+	411,315,782
	15,910,000,000		no change

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bnk.	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Dunbar Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	First National Bank Plc.	14	Roxburghe Bank Ltd.	11.5
Bank of Ireland	10.5	● Robert Fleming & Co.	10.5	Royal Bk of Scotland	10.5
Bank of India	10.5	Robert Fraser & Ptnrs.	11	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	Girobank	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	● Hambros Bank	10.5	Unibank plc	10.5
Benchmark Bank	11	Hampshire Trust Plc	13.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Heritable & Gen Inv Bnk.	10.5	Unity Trust Bank Plc.	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co.	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5		
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

Clydesdale Bank PLC
30 St Vincent Place, Glasgow G1 2HL 041 248 7070

£2,000-£24,999	8.25	6.19	8.51	Qtr
£25,000-£99,999	9.00	6.75	9.31	Qtr
£100,000+	9.50	7.13	9.84	Qtr

Co-operative Bank
PO Box 300, Skelmersdale, Lancs 0800 616162

TESSA				
TESSA	11.50	-	-	Yearly
Investment 90 - 90 Day Notice Savings				
£50,000+	10.75	8.10	11.0	6-Mth
£25,000-£49,999	10.50	7.90	10.8	6-Mth
£10,000-£24,999	9.50	7.30	9.7	6-Mth

Wimbledon & South West Finance PLC
114 Newgate St London EC1 7AE 071-606 9485

High Int Cheque Acc.	10.60	7.95	11.03	Qtr

NOTES– Gross: Contractual rate of interest payable not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Crd: Frequency at which interest is credited to the account.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc
No. of bargains included 1931

Exchequer 10½% Stk 2005 – £106⅝
Guaranteed Export Finance Corp PLC 11¾% Gtd Nts 1994 (Br – £101¾♦ 2♦
12¾% Gtd Ln Stk 2002(Reg) – £115⅝ ⅝ 6

Corporation and County Stocks
No. of bargains included 5

Greater London Council 6¾% Stk 90/92 – £98⅝
Birmingham District Council 11½% Red Stk 2012 – £101⅜ 3⅜ ⅝
Oldham Met Borough Council 11.25% Red Stk 2010 – £100 (18No91)
Reading Corp 3% Stk 1962(or after) – £25 (19No91)
Swansea(City of) 13⅜% Red Stk 2006 – £117 (15No91)

UK Public Boards
No. of bargains included 3

Agricultural Mortgage Corp PLC 5½% Deb Stk 93/95 – £83 (15No91)
6¾% Deb Stk 92/94 – £89 (20No91)
7¾% Deb Stk 91/93 – £94½
10¼% Deb Stk 92/95 – £97⅜ (19No91)
Clyde Port Authority 3% Irrd Stk – £26⅜
4% Irrd Stk – £35
Forth Ports Authority 3¾% Funded Debt – £30 (15No91)
Metropolitan Water Metropolitan Water 3% A Stk 63/2003 – £52 (18No91)
Port of London Authority 3% Port of London A Stk 29/99 – £60 (19No91)

Foreign Stocks, Bonds, etc–(coupons payable in London)
No. of bargains included 85

Spain(Govt of) 4%(Sealed Bds) – £30♦
Agricultural Mortgage Corp PLC 11¾% Nts 1996 (Br £1000&10000) – £102¼ (19No91)
Allied-Lyons PLC 10¾% Bds 1999(Br£5000&100000) – £99.05 .6 (18No91)
Asda Finance Ld 10⅜% Cnv Cap Bds2005(Br £5000&100000) – £78⅜
Associated Newspapers Holdings Ld 6% Exchangeable Bds 2002 – £85♦

Water
No. of bargains included 379

Bristol Waterworks PLC 6.75% Cum Cnv Red Prf 1998 Shs £1 – 97
Essex Water PLC 5% Perp Deb Stk – £41
Mid Kent Water PLC 7⅝% Red Deb Stk 91/93 – £92⅞ (18No91)
Portsmouth Water PLC 10⅝% Red Deb Stk 1996 – £99⅞ 100 ⅜ (18No91)
Suffolk Water PLC 7¾% Red Deb Stk 91/92 – £97
Bournemouth & District Water Co 10⅝% Red Deb Stk 1996 – £99⅞ 100 ⅛ (18No91)
Bristol Waterworks Co 10.40% Red Deb Stk 2000/02 – £97⅛ (20No91)
Cambridge Water Co 9¾% Red Deb Stk 92/97 – £94⅝ ⅝ ⅝ (18No91)
East Worcestershire Waterworks Co 12½% Red Deb Stk 94/96 – £104⅝ ⅞ ⅞ (18No91)
Eastbourne Water Co 7½% Red Deb Stk 90/92 – £95 (18No91)
10⅛% Red Deb Stk 95/97 – £98 (18No91)
Hartlepools Water Co Ord Stk – £875 (20No91)
South Staffordshire Waterworks Co 4.9%(Fmly 7%)Ord Stk Class B – £575
Tendring Hundred Waterworks Co 12% Red Deb Stk 1993 – £97 (19No91)

Miscellaneous Warrants
No. of bargains included 1

Bankers Trust International PLC "POWERS" Ref to FT-SE 100 Index – £6.6
Barclays De Zoete Wedd Wts Ld Put Wts (Srs D) Rltg FTSE 100 29/9/92 – £0.95 0.96 1.17 (18No91)
Put Wts (Srs E) Rltg FTSE 100 29/9/92 – £0.71 (20No91)
Put Wts (Srs F) Rltg FTSE 100 29/9/92 – £0½ 0.53 (18No91)
Put Wts (Srs M) Rltg FTSE 100 30/3/93 – £1.39 (18No91)
Put Wts (Srs N) Rltg FTSE 100 30/3/93 – £1.03 1.06 (18No91)
Put Wts (Srs D) Rltg DAX Index 16/3/93 – 286 (19No91)
Citibank N.A.A Put Wts Ref to DAX Index

Select Industries PLC Ord 2½p (19No91)
Southern Newspapers PLC Ord £1 – £2.86 3 3.03 (19No91)
Sun Oil Britain Ld Oil Royalty Stk Units 1p – £0¼
Systems Connections Group PLC Ord 2.5p – 0⅛
Transatlantic Hldgs PLC Ord 50p – £3.15
Tyndall International(Jersey) International Fund – £3⅜♦
Vista Entertainments PLC Ord 5p – 0⅛ (19No91)
Weetabix Ld "A" Non.V Ord 25p – £7.65 7⅛ (20No91)
Yates Bros Wine Lodges PLC Ord 25p – £0.82

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Bukit Sembawang 5.0 (15.11)
Cape Range Oil A$0.28 (18.11)
Community Psychiatric Centers $13.125♦ (18.11)
Dainippon Screen Manufacturing Co Y1069.02
Energy Resources A$1.28♦
Forest Laboratories $36.75♦
Harland (John H) Co $22.25♦
Idaho Power Co $27.42♦ (15.11)
Keystone International $25.44 (19.11)
Killinghall Tin (Malaysia) Berhad Ord M$1.6
Kulim Malaysia Ord 30.0♦ (18.11)
Kulim Malaysia Ord (Malay Ord) M$1.8 (15.11)
Malayan Credit 56.0♦60.0♦ (19.11)
Oil Search A$0.787
Portman Mining 46.0 (19.11)
Storer Communications SK260.0 (15.11)
Strategic Minerals Corp A$0.208 (18.11)
Terrex Resources A$0.15 (19.11)
Westfield Minerals 45.0

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LONDON STOCK EXCHANGE

Sell-off as share trading account ends

By Terry Byland, UK Stock Market Editor

WEAKNESS in sterling and gloomy prospects for the Christmas retail season prompted a sell-off in the UK stock market yesterday. The FT-SE Index fell a further 17.2 points as the two week equity trading account came to a close and London traders backed away in the face of an early fall of 15 Dow points on Wall Street. While turnover across the full range of the London market remained moderate, heavy selling hit some of the best-known high street retailers.

The final moments of trading brought high drama as shares in Hawker Siddeley showed a heavy discount to the BTR bid price, leaving some traders to greet with astonishment the announcement after market hours that BTR's bid for the long-established UK engineering company had succeeded.

Account Dealing Dates

*First Dealings:		
Nov 11	Nov 25	Dec 9
Option Declarations:		
Nov 21	Dec 5	Dec 23
Last Dealings:		
Nov 22	Dec 6	Dec 27
Account Day:		
Dec 2	Dec 16	Jan 6

*New-time dealings may take place from 8.30 am two business days earlier.

The announcement of a £600m current account deficit on UK trade last month, somewhat larger than anticipated by City analysts, cast new pressures over sterling and thus over the outlook for domestic interest rates. Government bonds extended early losses and longer dated stocks showed falls of a full point at mid-session, although these were trimmed slightly before the close.

Following stable performances in Tokyo and New York, UK equities opened higher and the Footsie snapped up by nearly nine points as early trading saw some buying by traders needing to meet selling commitments struck earlier in the week. But the combination of disappointment with the October trade statistics and sterling's fall towards the DM2.85 level soon turned equities downwards.

After touching the day's low of Footsie 2,445.2, equities fluctuated nervously as Wall Street made a slow start. The final reading put the FT-SE Index at 2,446.3, down 17.3. Seaq volume of 526.1m shares compared with 534.1m on Thursday.

The UK stock market has fallen by about 4.4 per cent over the two week account. Most of the setback took place this week in the wake of Wall Street's heavy loss and also the slide in sterling which has undermined interest rate confidence – and even raised the spectre of a rise in UK base rates.

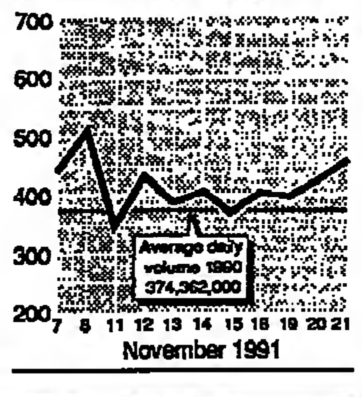
Waning confidence that consumer spending can lead the way out of recession received a further blow when a US investment bank cut its forecasts for the leading retail stocks.

However, many strategists remain convinced that the yield ratio on UK equities against bonds now indicates an attractive buying opportunity, although London needs to see Wall Street steady from this week's setback.

● Retail, or customer-based, volume in equities has died away to levels considered barely profitable for London's securities industry.

London SE volume

Turnover by volume (million)
Excl:
Intra-market business & Overseas turnover



FINANCIAL TIMES STOCK INDICES

	Nov 22	Nov 21	Nov 20	Nov 19	Nov 18	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	85.88	86.48	86.72	86.72	86.83	81.86	87.84 (18/9)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	95.86	96.20	96.39	96.40	96.49	89.09	97.17 (2/10)	90.58 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share ●	1868.8	1888.9	1898.2	1887.8	1914.9	1712.2	2108.3 (2/9)	1606.3 (16/1)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	189.0	157.8	158.5	153.2	151.9	155.3	222.8 (11/7)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2446.3	2463.5	2472.6	2463.1	2502.9	2170.5	2679.6 (2/9)	2054.8 (16/1)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1113.88	1119.14	1124.02†	1122.47	1134.49	-	1198.60 (3/9)	938.62 (16/1)	1198.60 (3/9/91)	938.62 (16/1/91)
●Ord. Div. Yield	5.23	5.18	5.18	5.18	5.11	5.63				
●Earning Yld %(full)	7.49	7.41	7.40	7.43	7.35	11.78				
●P/E Ratio(Net)(☆)	16.82	16.98	17.02	16.96	17.13	10.28				
SEAQ Bargns 4.45pm	30,035	24,905	25,821	26,955	33,983	26,153				
Equity Turnover(£m)†	-	958.22	980.86	1031.16	1122.13	731.78				
Equity Bargains†	-	23,970	25,280	25,835	32,383	24,189				
Shares Traded (ml)†	-	458.3	424.4	398.8	401.1	365.4				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 15.84 † Partial

Ordinary Share Index, Hourly changes Day's High 1894.1 Day's Low 1865.5

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1891.1	1891.0	1887.8	1878.9	1879.5	1870.1	1870.3	1873.0	1865.9

FT-SE 100, Hourly changes Day's High 2472.4 Day's Low 2445.2

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2468.3	2468.2	2468.1	2456.3	2457.5	2446.6	2448.8	2451.3	2445.3

FT-SE Eurotrack 200, Hourly changes Day's High 1121.57 Day's Low 1112.67

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1121.57	1120.84	1118.24	1117.97	1113.25	1113.35	1113.60

GILT EDGED ACTIVITY

Indices*	Nov 21	Nov 20
Gilt Edged Bargains	87.7	75.3
5 – Day average	86.8	88.0

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

Hawker stock plunges

THE announcement after market hours that BTR, the UK conglomerate, had succeeded with its £1.55bn bid for Hawker Siddeley, one of the long-established names in British engineering, provided a dramatic ending to an exciting session in Hawker shares.

After hanging fire in modest trading early in the day, Hawker shares suddenly plunged by nearly 50 as wild tales circulated ahead of the 1.00pm bid deadline regarding the progress of the count of share acceptances at Barclays de Zoete Wedd, the investment bank acting for BTR.

At worst, the shares were down to 670p, compared with BTR's cash-underwritten offer of 725p. BTR slipped by 10, as City analysts pondered the implications for the company should its bid for Hawker fail.

Dealers said there was little selling of Hawker shares and were unable to explain the sudden wave of nervousness. Both shares steadied before the official close, Hawker ending a net 44 down at 675p on trading volume of 2.7m shares, while BTR closed down 8 at 379p on 3.3m.

Following the news of the bid's success, share prices for both companies were hurriedly adjusted ready for the opening of business on Monday. Hawker stock was marked up to the BTR cash offer price.

Argos setback

The most severe fall in a generally depressed retailing sector came from Argos, the specialist catalogue-based discount operation, which suffered from the effects of Argos' pricing cutting operation and a substantial profits downgrade by retail analysts at Goldman Sachs. Goldman is one of the most influential brokers covering the UK retail scene.

Argos shares fell steeply to close a net 22 off at 280p, a far cry cry from the peak 339p the shares reached at the end of August.

Argos recently announced it had embarked on a promotion exercise which saw 10 per cent reductions on selected lines. This move unnerved many investors but what triggered the big slide yesterday was Goldmans' forecast reduction. The broker chopped its current year forecast from £74m to £63.5m, the lowest estimate among leading broking houses.

The Goldman retail team said the cut was made for a number of reasons. Retailing, with the exception of clothing, had generally endured a bad time in the past month, as evidenced by the disappointing provisional retail figure for October announced earlier this week. Also, the stock and the sector "was looking ripe for profit-taking after a bout of outperformance which had seen the relative up to 85, its highest point for several years," said Goldman.

Guinness firmer

The out of court settlement from Guinness over its takeover battle for the Distillers Company in 1986 was regarded by drinks analysts as positive news for Guinness and the group's share price rose 5 to 509p after being 11 up at one stage.

Analysts said the £78m cost to Guinness could be met with relative ease by the drinks giant which produced £251m free cash flow in the financial year to March 1991. The settlement figure was well within the range of expectations but there was general relief that the problem was out of the way.

Argyll also rose on the settlement, closing 4 better at 259p. Analyst Ms Michelle Proud of County NatWest said: "Guinness had taken very good legal advice. Argyll would probably not have got any more, they would just have suffered more expense and time delays."

Turnover in Reuters was boosted by a line of 1.3m shares dealt at 870p. Traders believed that it could have represented a programme trade carried out by a US securities house. The shares closed 4 off at 869p.

International stocks tended to hold up against the market as investors looked towards shares with a strong defensive element. Glaxo was one of the better performers in the Footsie, bouncing back 10 to 780p following its sharp falls earlier in the week. Unilever also gained 10 to close at 839p, Wellcome was firmer in early trading before easing to close a penny off at 859p and Fisons lost only a penny to 399p.

News that the proposed acquisition by AAH Holdings of the UK assets of Medicopharma, the small Dutch drug producer, had been referred to the UK Monopolies and Mergers Commission prompted AAH shares to fall 7 to 455p.

An analyst's recommendation helped Medeva, the pharmaceuticals company, to pick up 5 to 214p.

Persistent talk that a counter bid to Lasmo's offer would soon make an appearance saw Ultramar edge up 5 more to 335p.

Asda shares remained on the defensive, slipping a further 1½ to 37p after the Thursday's cut in profits forecast by Hoare Govett, the UK securities house. Turnover topped 13m. The whole of the food retailing sector looked unhappy, still feeling the effects of the most recent moves in the eternal price-war between the retailers. Kwik-Save launched a National newspaper promotion while Asda announced a freeze on many of its prices last week. Kwik-Save eased 6 to 536p.

Unigate, scheduled to announce interims next Wednesday – Kleinwort Benson expects them to achieve £38.2m against £41.4m – gave up 13 to 286p.

Buying ahead of interim results on Tuesday helped Allied-Lyons to close 4 better at 605p. County NatWest was talking to institutions yesterday.

Uncertainty over prospects for the brewers led Bass to fall 12 to 934p despite the sale of its Delta Biotechnology subsidiary to BOC for £23m.

Worries that high-street Christmas sales could be substantially damaged by recession and worries about the possibility of a hike in UK interest rates, left the stores sector badly mauled. Mr Keith Wills at Goldman Sachs said his team was about to cut forecasts throughout the retail sector. "The problems are in all product areas," hinting that other forecast cuts could well be imminent.

Every area of the sector took a pasting with top-rated Marks and Spencer posting a loss of 11½ to 279½p on turnover of 9.7m shares, the highest single-day's volume since July 23. Dixons retreated 13 to 212p on 2.3m shares, with specialists fretting about stories that the group may have to launch pre-Christmas price cuts to stimulate sales.

Kingfisher, which owns Comet, the electrical goods retailer, dropped 21 to 505p on 3.2m, hit for the same reasons as Dixons and additionally unsettled by suggestions that a bid by Blockbuster of the US for Cityvision would lead to greater competition in the video sales and rental business where Kingfisher has a sizeable chunk of the market. There were also suggestions that Kingfisher might launch a counter bid for Cityvision, which controls more than 800 outlets in the UK. Cityvision jumped 21 to 46p after the Blockbuster bid.

Boots lost 13 to 419p on 4.4m and Storehouse, despite the well-received figures published earlier this week, dipped 5 to 94p on 3.8m. WH Smith A fell 12 to 450p although there were suggestions that Smith may be in the running for inclusion in the Footsie list of the top 100 stocks when the Footsie steering committee sits on December 11.

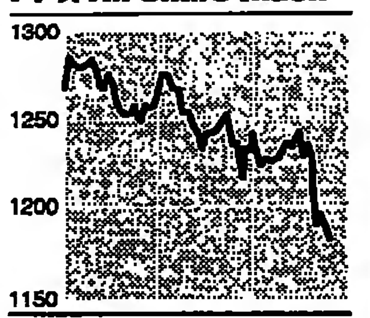
Alexandra Workwear fell 4 to 98p. Carr Kitcat & Aitken changed its stance from hold to sell and said it does not expect the clothing company to report profits this year; the house was looking for £0.5m.

USM-listed Proteus International, the specialist in advancedtechnology and computer-aided drug design, jumped 26 to 177p on the announcement of a placing of 895,000 new shares with institutions at 140p to raise £1.23m.

MARKET REPORTERS:
Peter John,
Joel Kibazo,
Steve Thompson.

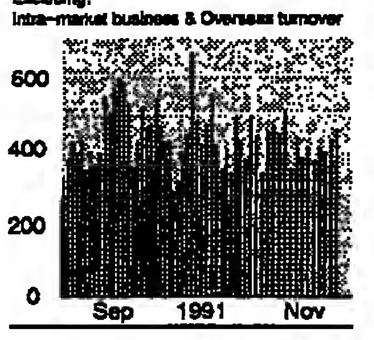
■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 11.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	311	340	-46	Cookson	1,500	103	-1	Lucas	1,500	121	-4	Severn Trent Water	3,300	389	-3
ASDA Group	33,000	37	-1½	Courtaulds	1,000	475	-4	MB Caradon	134	275	-1	Shell Transport	3,700	504	+1
Abbey National	2,300	274	-3	Dalgety	136	368	-2	MEPC	810	453	+2	Siebe	578	458	+2
Albert Fisher	3,500	85		De La Rue	71	445	-2	Manweb	295	290	-3	Slough Ests	983	228	-1
Allied-Lyons	1,400	605	+4	Dixons	2,300	212	-13	Marks & Spencer	9,700	279½	-11½	Smith (W H) A	748	450	-12
Amstrad	2,300	31		ECC Group	418	455½	-18½	Maxwell Comms	5,500	38		Smith & Nephew	7,500	136	-1½
Anglian Water	1,900	348	-3	Eastern Elect.	518	233	-1	Midland Bank	943	221	+1	SmKl Beecham	938	791	-12
Argos	2,500	280	-22	East Midland Elect.	363	243	-1	Midlands Elect.	181	251	-1	SmKl Beecham Uts.	107	[illegible]	-10
Argyll Group	2,100	259	+4	Enterprise Oil	91	515	-3	NFC	1,100	222	-4	Smiths Inds	98	746	-1
Arjo Wiggins	1,400	257	-2	Eurotunnel Units	355	380		NatWest Bank	692	307	-2	Southern Elect.	344	349	-1
Ass. Brit. Foods	726	426	+2	FKI	1,300	54	+1	National Power	1,000	148½	-1½	South Wales Elect.	254	303	
BAA	1,800	485	-4	Ferranti	8,800	6¼	-⅛	Next	1,400	60½	-1	South West Water	280	319	+4
BAT Inds	1,900	619	-10	Fisons	2,000	399	-1	North West Water	50	351	-3	South West. Elect.	238	245	-3
BET	1,900	219	+5	Forte	4,000	258	-3	Northern Elect.	485	357	-2	Southern Water	458	312	-3
BICC	1,200	319	+1	Gen. Accident	1,100	437	+6	Northern Foods	210	524	-3	Standard Chartd	442	388	-1
BOC	1,400	574		General Elect.	2,900	182	-4	Norweb	610	279	+1	Storehouse	3,800	94	-5
BPB Inds.	1,000	157	-2	Glaxo	3,100	780	+10	Pearson	281	745	-6	Sun Alliance	1,000	304	+1
BTR	3,300	379	-8	Glynwed Int.	384	200	-1	P & O	641	463	-3	T&N	1,500	112	-3
Bank of Scotland	824	117		Granada	1,000	187	-5	Pilkington	1,700	130	-3	TI Group	514	581	+1
Barclays	1,700	384	-2	Grand Met.	1,400	836		PowerGen	521	156½	-1½	TSB	1,300	125	-1
Bass	586	934	-12	GUS A	588	1288	-35	Prudential	5,500	225	-4	Tarmac	1,400	139	-3
Beazer	1,800	113		GRE	728	135	-1	RHM	3,300	244	-3	Tate & Lyle	1,300	351	
Berisford Int.	648	24		GKN	638	298	-2	RMC	238	513	-7	Taylor Woodrow	223	153	-2
Blue Circle	1,500	225		Guinness	2,800	509	+5	RTZ	2,300	518		Tesco	2,400	275	
Booker	352	487	-1	Hammerson 'A'	78	570	-4	Racal	5,000	56		Thames Water	558	342	-3
Boots	4,400	419	-13	Hanson	7,100	201	-½	Rank Org.	428	640	-5	Thorn EMI	372	780	-5
Bowater	187	670	-1	Hanson Warrants	4,100	30½	+?	Reckitt & Colman	186	650	-6	Tomkins	582	370	-8
Brit. Aerospace	2,800	312	-10	Harrisons Crosfield	525	138		Redland	710	470	-2	Trafalgar House	3,900	314	-1
British Airways	2,100	206	-1	Hawker Sidd.	2,700	675	-44	Reed Int.	313	465		Ultramar	4,330	335	+5
British Gas	7,200	249	-6½	Hillsdown	5,800	178	-8	Rentokil	645	349	+11	Unigate	670	286	-13
British Land	173	282	-3	IMI	464	212	-6	Reuters	2,100	858	-4	Unilever	3,800	930	+10
BP	4,300	311	-3	ICI	1,300	1192	-9	Rolls Royce	9,200	130½	-3½	United Biscuits	1,300	380	-2
British Steel	14,000	75½	-3	Inchcape	586	387	+2	Rothmans	225	1080		Utd. Newspapers	516	375	-4
British Telecom	4,000	342	-6	Kingfisher	3,700	505	-21	Ryl Bk Scotland	859	163	-1	Vodafone	4,800	344	-7
Bunzl	458	84	+1	Ladbroke	4,700	236	-5	Royal Insurance	1,200	284	-1	Wellcome	1,000	858	-1
Burmah Castrol	787	642	-1	Land Securities	1,300	500	+8	Saatchi	4,000	13¼		Welsh Water	381	365	
Burton	1,800	41	-1½	Laporte	55	682	-1	Sainsbury	3,100	321	-3	Wessex Water	21	384	-1
Cable & Wire.	3,900	555	+6	Legal & General	175	374	-6	Scottish & New.	748	381		Whitbread 'A'	518	442	
Cadburys	845	368	-2	Lloyds Abbey	444	361	-2	Scot. Hydro-Elect.	2,300	101½	-½	Williams Hldgs.	449	314	-1
Calor Group	813	248	+3	Lloyds Bank	2,200	379	-8	Scottish Power	4,500	99½	-1½	Willis Corroon	1,800	227	-4
Carlton Comms.	773	484		LASMO	1,700	298	-4	Sears	1,900	95	-1	Wimpey	214	148	-2
Coats Viyella	2,400	176		London Elect.	477	246	-1	Sedgwick	342	214	-3	Yorkshire Elect.	903	384	-2
Comm. Union	891	454	-5	Lonrho	2,200	229	+6	Seeboard	213	252	-1	Yorkshire Water	312	383	+1

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

SHARP falls in sterling triggered a wave of selling in Footsie futures, yesterday, writes Joel Kibazo.

The December contract opened firmer in anticipation of a strong opening on Wall Street. However sterling's falls against the D-mark soon took centre stage and dealers went on a selling tack.

Selling was further encouraged by big turnover in short sterling futures which traded over 90,000 contracts.

The anticipated firm Wall Street opening failed to materialise and December traded even lower.

At the official close, December stood at 2,457, down 25 on the previous session and at a 7-point discount to its estimated fair value premium to cash of 18.

In traded options, turnover fell to 27,124, well below Thursday's figure of more than 45,000 contracts.

British Steel options saw 2,675 lots traded as one dealer closed out a large position. This was followed by Boots, whose underlying shares were affected by negative sentiment following pre-Christmas price cuts from Argos.

BTR, which yesterday won its bid for Hawker Siddeley, was the third most active option trading some 1,268 lots. Courtaulds was also busy.

NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (32).
BRITISH FUNDS (1) Tr.2pc IL 1992, BANKS (2) ABN Amro, ANZ, BREWERS (2) Mansfield, Morland, CHEMICALS (2) Halstead (J), Plysu, STORES (3) Austin Reed A, Blacks Leis., Hogg Robinson, ELECTRICALS (4) Data, Druck, Misys, Psion, ENGINEERING (4) Chemring, Do. Cnv. Prf., Hall, Morris Ashby, FOODS (1) Park, HOTELS (1) Resort, INDUSTRIALS (6) Apollo Metals, Elen, Kalon, ML Labs., Marling, Serco, INSURANCE (1) FBD, LEISURE (2) Airtours, Trans World Comms., TRANSPORT (1) BAA, WATER (1) East Surrey, OVERSEAS MINES (1) Doral Res.

NEW LOWS (48).
BRITISH FUNDS (2) Exch.13½pc 1992, Conv.9½pc 2004 A, AMERICANS (2) IBM, Tenneco, CANADIANS (1) Imperial Oil, BANKS (1) Joseph (Leopold), BUILDINGS (3) CALA, Graham Wood, Ibstock Johnsen Wrrnts., CHEMICALS (1) Leigh Interests, STORES (1) Clinton Cards, ELECTRICALS (1) Fujitsu, ENGINEERING (1) GKN, INDUSTRIALS (10) ADT, Alexandra Workwear, Bioplan, Brit. Aerospace, Brit. Steel, Dean & Bowes, Isotron, OMI Ind., Trafalgar House A, Whitecroft, INSURANCE (1) Willis Corroon, LEISURE (1) Midlands Radio, MOTORS (1) Lucas, NEWSPAPERS (1) Gardner (DC), PAPERS (1) Repola, PROPERTY (2) Dunloe House, London Merchant Secs. 7¼ pc Ln.'00-05, SHOES (1) Stylo, TEXTILES (1) Jerome, TRANSPORT (2) All Nippon Airways, P & O Wrrnts '86-92, TRUSTS (7) Electra, Fleming Emg. Mkts., Gartmore Emg. Pac. Wrrnts., Gartmore Scotland, Mediterranean Fund, Throgmorton Tst. Wrrnts., Topdanmark, WATER (1) Severn Trent, OILS (3) Alliance Res., Midland & Scottish Res., Tuskar Res., MINES (1) Plateau.

RISES AND FALLS YESTERDAY

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	1	76	5	34	307	69
Corps, Dom. & Foreign Bonds	0	12	8	5	42	53
Industrials	178	350	956	896	2,197	4,327
Financial and Props	58	239	467	347	1,311	2,162
Oils	14	21	55	56	148	246
Plantations	3	0	7	5	5	40
Mines	63	10	80	206	123	436
Others	46	57	62	152	378	291
Totals	363	765	1,640	1,701	4,511	7,624

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		12.000	11/01	114.2798	+0.180	9.73	9.81	10.04
BELGIUM		9.000	06/01	99.2000	-0.250	9.12	9.03	9.08
CANADA *		8.500	04/02	98.2000	-0.750	8.77	8.42	8.83
DENMARK		9.000	11/00	100.0400	-0.380	8.98	8.85	8.94
FRANCE	BTAN	8.500	11/96	97.5639	-0.343	9.13	8.87	8.94
	OAT	9.500	01/01	103.4100	-0.540	8.93	8.73	8.78
GERMANY		8.25	09/01	99.7700	-0.180	8.28	8.21	8.22
ITALY		12.000	06/01	96.5500	-0.130	12.83	12.49	12.40
JAPAN	No 119	4.800	06/99	92.6590	-	6.23	6.19	6.17
	No 128	6.400	03/00	102.5764	-0.118	5.92	5.86	5.86
NETHERLANDS		8.500	03/01	98.3200	-0.260	8.76	8.72	8.76
SPAIN		11.900	07/96	99.5000	-0.330	11.99	11.86	11.55
UK GILTS		10.000	11/96	100-03	-16/32	9.97	9.72	9.84
		10.000	02/01	100-10	-19/32	9.94	9.67	9.84
		9.000	10/08	94-07	-21/32	9.70	9.48	9.60
US TREASURY *		7.500	11/01	100-21	+0/32	7.41	7.37	7.66
		8.000	11/21	100-11	+2/32	7.97	7.86	8.06

London closing, *denotes New York morning session. Yields: Local market standard. Prices: US, UK in 32nds., others in decimal. Technical Data/ATLAS Price Sources

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since December 31 1990 based on Thursday November 21 1991

Health & Household	+ 56.02		Banks	+ 15.21
Textiles	+ 51.75		Food Manufacturing	+ 14.48
Packaging, Paper & Printing	+ 40.97		Insurance (Life)	+ 13.15
Business Services	+ 36.16		Electronics	+ 10.75
Chemicals	+ 34.13		Conglomerates	+ 10.57
Merchant Banks	+ 33.82		Hotels & Leisure	+ 8.81
Stores	+ 28.73		Capital Goods	+ 6.50
Electricals	+ 28.46		Financial Group	+ 4.47
Engineering-General	+ 26.32		Motors	+ 3.11
Consumer Group	+ 25.53		Water	+ 2.33
Telephone Networks	+ 23.51		Gold Mines Index	+ 2.07
Other Industrial Materials	+ 21.19		Oil & Gas	+ 1.01
Other Groups	+ 20.03		Food Retailing	- 1.91
Industrial Group	+ 19.88		Insurance Brokers	- 2.38
Transport	+ 19.81		Building Materials	- 5.26
Brewers & Distillers	+ 18.82		Property	- 8.99
Electricity	+ 17.34		Contracting, Construction	- 10.45
500 Share Index	+ 17.10		Insurance (Composite)	- 12.97
Investment Trusts	+ 16.84		Engineering-Aerospace	- 15.83
Media	+ 16.15		Metals & Metal Forming	- 18.12
All-Share Index	+ 15.35			

COMMODITIES

WEEK IN THE MARKETS

Gloom lifts in the gold market

SEVERAL factors combined this week to lift the gold market out of its recent depressed trading range. After several weeks during which trading was concentrated in the mid-$350s the price climbed above $360 a troy ounce in response to concern about signs that the US economy might be heading back into recession and a report by the head of the Soviet parliament's audit commission that the state bank, Gosbank, had no reserves at all.

As the price closed that day at $361.10 an ounce traders were speculating about the extent of the market's "upside potential". Resistance was expected at $362 and $363 an ounce, some said, and significant producer selling was thought likely above $366. The first two hurdles were cleared with ease as deepening concern about the US economy pushed Wall Street share prices lower. But the market was still reluctant to adopt an overtly bullish tone. Heavy resistance would be encountered at $364 ann ounce, traders said, and the downside target was $358 by the end of the week.

The market did pause for breath in midweek, but it was soon back into its stride, helped by growing confidence that a G-7 aid package to the former Soviet Union would relieve its hard currency problems and make heavy gold sales less likely. And yesterday's news that the package included deferment of foreign debt repayments provided further fuel for the upswing. At the close of the London bullion market the gold price was $368.45 a troy ounce, up $2.90 on the day and $12.55 on the week.

The Soviet aid package also eased fears of further heavy sales of platinum and, despite being trimmed back by 75 cents yesterday, the platinum price ended the week $15.50 up on balance at $373 a troy ounce. "I think people are finally begining to believe that there is a possibility of a prolonged rally," one platinum trader commented.

The US economic factor that cheered up the gold market had the opposite effect for copper, and cash price on the London Metal Exchange touched a two-month low of £1,310.50 a tonne in mid-week, before closing yesterday at £1,317 a tonne, down £40.50 on balance. Dealers noted, however, that nearby supply tightness kept the price at a £26.50-a-tonne premium to metal for delivery in three months, 50 pence higher than the level ruling at the end of last week.

Zinc was once again the LME's strongest performer, though traders remained as much in the dark as ever about the reasons behind its recent price surge. The cash price put on another $87.50 this week to reach $1,182 a tonne, taking the advance over the past two and a half weeks to $188.25 a tonne.

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	+8,725	to 820,850
Copper	+1,850	to 297,025
Lead	+650	to 118,150
Nickel	-582	to 8,328
Zinc	-475	to 157,750
Tin	-295	to 12,820

Although many dealers felt the rally from life-of-contract lows had gone too far, especially in view of slackness of demand in the physical market and the fact that LME stocks had reached a record level, there was a natural reluctance to oppose a trend that they did not pretend to understand. Some appeared to have overcome that reluctance yesterday, however, after the three months position moved above the $1,200 level. That prompted a wave of selling that took the price down to $1,180.50 a tonne at the close.

The weakest of the LME markets was that for nickel, which suffered at the hands of both fundamentally- and technically-inspired sellers. The three months position's breach on Wednesday of the $7,250 support level released a further wave of selling the left the price $265 down on the week at a 21-month low of $7,167.50 a tonne at yesterday's close. The fall might have been still greater had it not been for the announcement yesterday of a sharpish fall in LME stocks.

Aluminium prices also came under renewed pressure as dealers who were already disappointed by the absence of further substantial production cuts reacted to the gloomy prognostications on the US economy. At yesterday's close cash aluminium was quoted at $1,114.50 a tonne, down $43.50 on the week.

At the London Futures and Options Exchange the main bright spot was the coffee market, where concern about a seasonal nearby supply shortage of quality supplies lifted the January robustas position to a seven-month high of the £609 a tonne at one point. But then the rise ran out of steam, and by yesterday's close the price was back below £600 a tonne. "It's just drifted off on lack of interest," said one trader.

Richard Mooney

APPOINTMENTS

Museum movements

Helen Rees, 31, is leaving London's DESIGN MUSEUM at the end of the year – a departure viewed with sadness by a good number of design world people. Rees has been at the museum since it opened in July 1989 and has spent the past two years as its director.

She says that the reason for going is that "the Design Museum has some financial problems and very badly needs a broader financial base to survive". Its budget, roughly split three ways between the Conran Foundation and the Department of Trade and Industry, sponsorship and earned income, is just £1.2m for 1992-93, against £2m for 1990-91. Rees says that will mean a "very dramatic curtailment in its programme".

David Carter, a member of the museum trustees' board, is "very sorry" to see such an "extraordinarily effective person" leave the museum. Wally Olins, another board member, supports Carter – "she was a tremendously good leader for the Design Museum and I'm very sorry she's going".

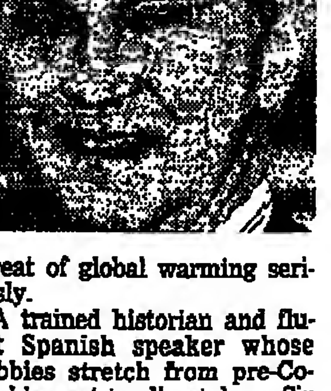
Rees was not pushed, as has been implied by some media coverage, but had for some time been unhappy with the slimming down of the finances, which will inevitably affect the musem's future. She did not wish to manage that decline and is off, amicably enough, to search for other roles. She has "no idea" what she might do, though the museum world will no doubt court her talents. "I think we are going to have a lot more problems than Helen is," says Olins.

Armouries overseer

Lord Eden of Winton has been re-appointed chairman of the trustees of Britain's oldest public museum, the ROYAL ARMOURIES, which has been located at the Tower of London for 900 years.

Lord Eden, a former industry minister, will oversee a challenging period in the history of one of Britain's most popular tourist attractions. Earlier this year, it was announced that a large part of its £500m collection would be moved from the Tower into a £35m purpose-built museum in Leed's Clarence Dock, due to open in the spring of 1996. By putting far more of the collection on display, the government is hoping that it will be able to reduce the cost to the taxpayer, currently around £4m per annum.

Diplomat cum doomster



Sir Crispin Tickell, former diplomat turned outspoken environmental doomster, has been made a trustee of the NATURAL HISTORY MUSEUM for an initial five-year term. He replaces Sir John Thomas, a distinguished chemist and trustee since 1987.

On his retirement from a varied diplomatic career, most recently serving as British ambassador to the UN until last summer, Sir Crispin, who is 61, became warden of Green College, Oxford, a postgraduate college for the sciences and medicine.

The trusteeship is a prime ministerial appointment; Sir Crispin is well known in Downing Street and acts as an adviser on the environment to John Major. He is also credited with having earlier persuaded Margaret Thatcher to take the threat of global warming seriously.

A trained historian and fluent Spanish speaker whose hobbies stretch from pre-Columbian art to climatology, Sir Crispin's professional experience includes a three year spell in the mid 1980s as president of the Overseas Development Agency. He is also currently president of the Royal Geographical Society.

In the last year he has been particularly vocal about the need for extreme vigilance concerning the planet's future. "It is certainly too late to avert or prevent over-population, resource depletion, environmental degradation, industrial pollution, ozone depletion, global warming and the rest," he intoned recently.

Neil Chalmers, director of the Natural History museum, looks forward to Sir Crispin's guidance in key areas of its research programme. Biodiversity is one of the museum's watchwords, and it runs a variety of programmes including documenting the range of insects in tropical forests in Costa Rica, to a project, principally funded by the EC, to examine life in deep oceans, one of the least understood habitats on the globe. "His breadth of experience as a diplomat and elsewhere including the ODA will be invaluable in helping us assess more clearly the museum's role in the fields of environmental quality and biodiversity," Chalmers says.

Compass Group

Roger Matthews has been made finance director of Compass Group, the fast-growing contract catering and healthcare group. He takes over from Francis Mackay, who was promoted to chief executive a month ago, after the troubled Granada Group poached his boss, Gerry Robinson, to be its chief executive.

Mackay and Robinson had worked closely together in arranging the management buy-out of Compass from Grand Metropolitan, and its subsequent flotation on the stock market. Although there was some initial concern about the loss of Robinson, Compass's share price has since recovered. Matthews, a 37-year-old chartered accountant, is another old GrandMet hand who joined Compass in its infancy. Since June 1988 he has been commercial director of Compass's catering services business.

Jefferson Smurfit

Ray Curran, chief executive of the Smurfit Paribas Bank, is joining its parent, the JEFFERSON SMURFIT Group, as acting chief financial officer. He will replace the chief financial officer, Robert Holmes, who is taking leave of absence from the group for health reasons. According to the company, when Holmes returns, the situation will be reviewed but Curran "will retain a senior financial position within the group". Curran will take up his new position when his successor has been appointed at Smurfit Paribas Bank and will join the board of the bank at that time.

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AUTHORISED UNIT TRUSTS

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd, Bournemouth 0345 717373						
High Income						
Gilts & Fixed Int	6	116.0	116.0	123.1	-0.6	9.34
High Inc Equity	6	127.6	130.9xd	139.2	+0.2	6.11
Worldwide Bond	6	209.5	209.5xd	222.0	-0.2	6.76
Capital Growth						
American Growth	6	192.2	192.2	205.3	+1.1	1.09
Asian Pacific	6	118.3	120.8	128.5	-0.1	1.22
Assets & Earnings	6	176.4	180.3xd	191.6	+0.5	3.13
Capital Reserve Acc	0	110.2	110.2	110.2		6.88
Capital Reserve Inc	0	87.14	87.14	87.15	-0.01	6.88
Commodity & Energy	6	74.40	74.40	79.57	+0.06	1.71
1992 Enterprise	6	64.32	64.32	68.79	-0.19	2.99
Euro Capital Acc	6	84.97	84.97	90.87	-0.23	1.15
Euro Capital Inc	6	81.18	81.18	86.82	-0.23	1.15
General	6	169.9	169.9	181.7	..	2.75
Japan	6	93.11	94.19xd	100.2	.	-
Mastertrust	6	88.41	88.41	94.55	+0.08	2.71
UK Growth Acc	6	170.8	178.3	189.6	+0.4	2.10
UK Growth Dist	6	108.6	113.2xd	120.4	+0.2	2.14
US Emerging Cos	6	71.05	72.31	76.92	+0.20	-
Income & Growth	6	291.8	291.8xd	312.0	+0.9	4.49
Ethical	6	53.13	54.51	57.98	-0.08	2.69
International	6	60.62	61.42	65.34	+0.12	1.35
Dividend & Growth	6	47.65	48.86	51.97	-0.02	5.77
Global Gwth & Sec	6	52.65	52.91	56.28	+0.08	3.09
Aberforth Unit Trust Managers Ltd (1600)F						
16 Chester St, Edinburgh EH3 7RA 031 220 0733						
UK Small Cos	0	1105.0	1105.0	1161.0		0
Abtrust Unit Trust Managers Ltd (1200)H						
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580						
Amer Inc & Growth	5¼	27.98	27.98xd	29.67	-0.04	2.68
Cash	0	50.85	50.85	50.85	-0.01	10.15
European	5¼	65.74	65.74	69.80	.	0.33
European Income	5¼	69.43	69.78xd	73.62	+0.01	1.66
Exempt	1	767.3	767.3xd	794.9	+1.9	5.13
Extra Income	5¼	37.56	37.56	40.91	-0.01	6.05
Far East Emerg Ecos	5¼	47.50	47.50	50.92	-0.09	1.26

[illegible]

For Geoffrey Morley see Commercial Union

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Murray Johnstone UT Mgmt (1000)H						
7 West Nile St, Glasgow G2 2PX 0345 090 933						
Acumen	5	68.17	68.33	72.93	[illegible]	[illegible]
Acumen Reserve	5	66.28	66.28	68.26		[illegible]
American Income	5	124.79	124.80	132.20	[illegible]	[illegible]
Equity Income	5	79.98	79.58	84.95	[illegible]	[illegible]
European	5	92.13	92.13	99.63	[illegible]	1.16
Far Eastern	5	105.32	105.40	112.40	[illegible]	0.93
Smaller Cos	5	47.99	47.59xd	50.78	[illegible]	[illegible]
Olympiad	5¼	45.22	45.22	48.24	[illegible]	[illegible]
Olympiad Income	5¼	41.97	41.97xd	44.79	[illegible]	[illegible]
UK Growth	5	73.73	74.39	79.40	[illegible]	1.56

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

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	Bid Price	Offer Price	+ or -	Yield Gross
Baring International Fd Mngrs (Ireland) Ltd				
Australia	$17.62	18.51	+0.04	1.05
Japan Tech	$58.14	61.05	-0.27	–
Japan Fund	$24.51	25.74	-0.11	0.17
Japan New Garis Fd	$18.66	19.59	-0.26	–
Malay Sing	$54.62	57.36	+0.22	0.31
Nth American	$21.71	22.80	+0.06	0.58
Octopus Fund	$22.27	23.39	+0.10	0.88
Pacific Fd	$62.60	65.75	+0.16	–
International Bond	$17.74	18.63	-0.05	6.89
Europa Fund	$13.53	14.21	+0.02	–
British Screen Fd	£0.92	0.97		–
Tristar Warrant	$11.41	11.99	+0.02	–
Hong Kong	$53.18	55.84		3.09
Mngd Portfolio (Stg)	£4.05	4.37	-0.01	–
Mngd Portfolio (Dlr)	$10.22	10.79		–
Currency Fd–Sterling	£19.69			–
Currency Fd–US Dollar	$15.46		+0.01	–
Curr Fd–Deutschemark	DM40.26			–
Curr Fd–Managed $	$45.90	48.19	+0.07	–
Federated International Funds Plc				
Federated Short-term US Gov't Securities Fund				
Institutional Serv Series*	$1.00			4.79
Investment Series*	$1.00			4.79

* Annualised Yield

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
TSB Trust Funds – Contd.						
UK Equity	5	141.09	141.09	153.08	-0.04	0.90
International Equity	5	112.64	112.64	119.87	-0.53	0.00
Far Eastern	5	87.65	87.65	93.96	+0.04	0.00
European	5	80.81	80.81	85.61	+0.51	0.00
Pan American	5	143.62	143.62	152.31	+0.37	0.00
TSB Gilt Fund Ltd						
Quarterly Share	3	97.61	97.61	100.87	-0.32	10.21
Monthly Share	3	96.34	96.34	99.54	-0.31	10.35

JERSEY (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
Barclays Intl Funds				
Currency Funds				
Sterling	£21.40		+0.01	9.5
US Dollar	$31.48		+0.01	3.9
Deutschemark	DM55.42		+0.02	7.7
Yen	Y4,055		+0001	5.0
Managed Multicurrency	£13.10	13.57		–
Managed Multicurrency	$25.27	26.16		–
Bond Funds				
Sterling Bond	£0.405	0.420	-0.002	10.5
US Government Income	$98.28	101.77	-0.17	6.7
Asian Selection Funds				
Hong Kong	$13.350	14.053	+0.037	3.0
Indonesia	$7.475	7.868	-0.035	2.5
Korea	$10.342	10.886	+0.074	2.5
Malaysia	$9.859	10.378	-0.012	0.5
Philippines	$10.951	11.527	-0.027	2.5
Singapore	$11.630	12.242	+0.061	1.0
Thailand	$12.535	11.982	-0.426	2.5
South East Asia	$11.033	11.614	-0.027	3.0
US Dollar Liquidity	$9.566	10.034		3.1
Cater Allen Investment Management (CI)				
CA Gilt Income	£6.47	6.76		7.75
CA Gilt & Futures	£999	1,050		7.62
CA Equity Gwth	£4.18	4.55		3.30
Citibank (CI) Ltd "Citifunds"				

ISLE OF MAN (SIB RECOGNISED)

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Allied Dunbar Intl Fund Mgrs (1600)F						
Lord Street, Douglas, IoM 0624 661551						
ADI Managed(z)	5	[illegible]	0.5843	0.6222	[illegible]	1.52
ADI Mgd Currency(z)	5	[illegible]	0.4067	0.4283	[illegible]	[illegible]
ADI W'wide Eqty(z)	5	[illegible]	0.6523	0.6947	[illegible]	1.11
ADI Nth Amer Eq(z)	5	[illegible]	0.7631	0.8127	[illegible]	0.01
ADI Far East (z)	5	[illegible]	1.093	1.164	[illegible]	1.14
ADI Gilt & Income(z)	5	[illegible]	0.2538	0.2675	[illegible]	1.52
ADI UK Cap Gth (z)	5	[illegible]	0.2224	0.2368	[illegible]	[illegible]
ADI Europe Fd (z)	5	[illegible]	1.104	1.175	[illegible]	1.46

[illegible]

WORLD STOCK MARKETS

INDICES

NEW YORK

DOW JONES

	Nov 21	Nov 20	Nov 19	Nov 18	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2932.69	2930.01	2931.57	2972.72	3077.15 (18/10)	2470.30 (9/1)	3077.15 (18/10/91)	41.22 (2/7/32)
Home Bonds	97.47	97.46	97.53	97.73	97.92 (12/11)	91.30 (16/1)	97.92 (12/11/91)	54.99 (1/10/81)
Transport	1214.69	1202.73	1200.11	1224.59	1287.56 (18/10)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	214.63	213.82	213.63	217.14	220.89 (16/4)	195.17 (10/7)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2953.94 (2973.61) Low 2902.28 (2912.12)

STANDARD AND POOR'S

	Nov 21	Nov 20	Nov 19	Nov 18	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	380.06	378.53	379.42	385.24	397.41 (13/11)	311.49 (9/1)	397.41 (13/11/91)	4.40 (1/6/32)
Industrials	448.14	446.51	447.66	454.27	472.01 (29/8)	364.90 (9/1)	472.01 (29/8/91)	3.62 (21/6/32)
Financial	30.46	30.40	30.55	31.20	32.54 (13/11)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	210.21	209.43	209.91	213.03	219.37 (13/11)	170.97 (9/1)	219.37 (13/11/91)	4.46 (25/4/42)
Amex Mkt. Value	376.05	374.81	374.25	379.47	392.37 (12/11)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	530.33	526.12	523.47	534.73	556.17 (13/11)	355.75 (14/1)	556.17 (13/11/91)	54.87 (31/10/72)

	Nov 15	Nov 8	Nov 1	year ago (approx.)
Dow Industrial Div. Yield	3.10	3.05	3.03	4.01

	Nov 20	Nov 13	Nov 6	year ago (approx.)
S & P Industrial div. yield	2.80	2.67	2.72	3.39
S & P Ind. P/E ratio	22.79	22.04	21.19	15.47

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Global Fd	4,365,100	7⅜	- 1
Glaxo	3,917,800	28⅞	+ ⅜
Ariadne Inc	3,499,400	14⅛	- ⅞
Gen Motors	3,264,700	31	+ ⅜
Ford Motor	2,494,900	25	+ ⅝
Philip Morris	1,898,400	68⅜	+ ⅜
Amer T & T	1,869,200	36⅞	+ ⅜
Bristol Myers	1,748,900	81⅛	+ ⅜
Limited Inc	1,709,600	26⅜	+ 1⅛
BankAmerica	1,637,400	35	- ⅝

TRADING ACTIVITY

† Volume (Millions)	Nov 21	Nov 20	Nov 19
New York SE	195.060	192.670	241.350
Amex	17.868	12.569	19.630
NASDAQ	188.911	172.907	219.627
NYSE			
Issues Traded	2,129	2,154	2,176
Rises	835	772	344
Falls	780	888	1,430
Unchanged	514	494	402
New Highs	28	20	20
New Lows	48	39	80

CANADA

TORONTO

	Nov 21	Nov 20	Nov 19	Nov 18	1991 HIGH	1991 LOW
Metals & Minerals	2950.69	2946.82	2947.26	2982.22	3299.99 (18/7)	2632.06 (9/1)
Composite	3493.10	3501.70	3515.32	3550.76	3604.09 (12/11)	3161.95 (15/1)
MONTREAL Portfolio	1836.42	1840.27	1845.31	1865.08	1907.35 (12/11)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Nov 22	Nov 21	Nov 20	Nov 19	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1642.9	1646.5	1632.7	1656.8	1696.3 (8/11)	1204.5 (16/1)
All Mining (1/1/80)	650.2	644.6	641.0	649.5	707.2 (24/7)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	417.82	419.24	416.06	416.84	534.81 (16/4)	383.38 (4/11)
BELGIUM						
BEL20 (1/1/91)	1095.98	1092.86	1098.59	1098.90	1212.15 (17/6)	917.59 (17/1)
DENMARK						
Copenhagen SE (3/1/83)	359.30	360.01	362.06	363.91	380.84 (2/8)	302.26 (8/1)
FINLAND						
HEX General (28/12/90)	836.6	837.7	846.3	852.2	1186.9 (8/4)	830.3 (14/11)
FRANCE						
CAC General (31/12/82)	480.56	479.29	484.89	492.25	503.51 (15/11)	394.88 (15/1)
CAC 40 (31/12/87)	1741.28	1766.02	1763.69	1765.09	1887.29 (1/10)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	659.09	656.73	(c)	658.79	717.43 (17/6)	570.48 (15/1)
Commerzbank (1/12/53)	(u)	1854.7	(c)	1860.8	2035.2 (31/5)	1612.5 (15/1)
DAX (30/12/87)	1600.26	1598.10	(c)	1599.65	1715.80 (11/6)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	4243.07	4234.57	4200.94	4261.23	4271.34 (15/11)	2984.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1389.71	1394.65	1403.70	1398.75	1520.65 (15/3)	1114.86 (25/1)
ITALY						
Banca Com. Ital. (1972)	507.88	509.18	512.53	514.45	619.38 (3/6)	486.26 (29/1)
JAPAN						
Nikkei (16/5/49)	23117.39	23177.84	23199.86	23326.86	27146.91 (18/3)	21456.76 (19/8)
Tokyo SE (Topix) (4/1/68)	1764.77	1763.53	1762.79	1773.60	2028.85 (18/3)	1625.00 (17/1)
2nd Section (4/1/68)	2608.87	2628.04	2653.35	2674.06	3423.45 (10/5)	2473.92 (24/1)
MALAYSIA						
KLSE Composite (4/4/86)	539.04	537.59	535.72	535.64	635.02 (29/5)	478.41 (16/1)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	277.1	277.0	276.9	276.3	284.8 (5/6)	221.4 (16/1)
CBS All Shr (End 1983)	194.7	194.6	194.5	194.1	203.1 (5/6)	162.3 (16/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	660.81	652.75	651.08	640.12	793.53 (26/8)	610.45 (21/1)
PHILIPPINES						
Manila Comp (2/1/85)	1185.31	1108.42	1094.49	1102.31	1183.48 (29/5)	582.64 (10/1)
SINGAPORE						
SES All-Singapore (2/4/75)	395.28	394.67	392.84	392.44	422.43 (26/4)	315.07 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1229.0&	1162.0	1140.0	1113.0	1469.0 (5/7)	971.0 (25/2)
JSE Industrial (28/9/78)	4203.0&	4176.0	4172.0	4195.0	4364.0 (13/11)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	660.64	664.68	668.13	656.01	763.10 (6/8)	590.57 (22/6)
SPAIN						
Madrid SE (30/12/85)	245.78	249.88	246.98	245.62	289.22 (18/3)	213.70 (14/1)
SWEDEN						
Affarsvarlden Gen (1/2/37)	942.8	953.6	951.3	951.8	1149.8 (11/7)	808.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	733.0	739.6	742.7	744.9	769.3 (14/11)	590.4 (14/1)
SBC General (1/4/87)	598.4	603.6	606.2	607.8	638.0 (31/5)	487.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	4543.84	4496.89	4478.71	4480.94	6365.22 (9/5)	3316.26 (15/1)
THAILAND						
Bangkok SET (30/4/75)	667.07	669.30	677.01	678.62	908.13 (19/4)	582.48 (16/1)
WORLD						
M.S. Capital Intl.(1/1/70) (S)	509.2*	510.1	508.8	510.3	529.2 (17/4)	439.1 (16/1)

**Saturday November 16: Taiwan Weighted Price: 4442.46; Korea Comp Ex. 665.65.
& Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 2b Industrials – 264.3 and Australia All Ordinary and Mining – 500: (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Dow resumes slide ahead of Thanksgiving

Wall Street

SHARE PRICES fell sharply across the board yesterday morning as investors continued to realise profits before the year-end and dealers shied away from building positions before the Thanksgiving holiday week, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was down 38.46 at 2,894.23. The more broadly based Standard & Poor's 500 was also notably weaker at midsession, down 5.24 at 374.82, while the Nasdaq composite of over-the-counter stocks gave up 5.47 to 524.86. Volume on the NYSE was 114m shares by 1 pm, and declines outpaced rises by three to one.

After two days of tight-range trading and consolidation, the nervousness that has afflicted the market since the 120-point plunge on November 15 resurfaced yesterday. Further consideration of the big jump in jobless claims announced on Thursday contributed to the declines, as did the continued concern about the lack of initiatives to improve the economy from policymakers in Washington. Even a rally in bond prices – the benchmark 30-year Treasury issue rose ¼ to 100⅝, yielding 7.958 per cent – failed to lift the market's gloom.

Among individual stocks, Unisys rose $⅛ to $4⅛ on the news that the computer group will not be spinning off its Paramex defence unit, and that it expects to return to profitability in the fourth quarter. Other computer stocks lost ground with the market. Hewlett-Packard fell $1⅝ to $46⅝, IBM eased $⅝ to $95⅛, Compaq gave up $¼ to $24¾ and Digital Equipment slipped $⅞ to $60⅛.

Nynex fell $⅞ to $75⅛ in response to the announcement that the telecommunications group plans to restructure its business, and to cut managerial staff by more than 10 per cent. The restructuring will lead to a $2.73 a share charge in the fourth quarter.

The repercussions of the disappearance of retail group Cascade International's chairman amid a financial scandal continued to afflict other stocks. Yesterday it was the turn of Raymond James Financial to take a hit. The stock dropped $1⅞ to $22⅝ on reports that the regional broking house's reputation might suffer from its aggressive recommendation of Cascade International to customers.

Delta Airlines fell $1⅜ to $57⅛ in the wake of Pan Am's $160m third quarter loss. After it bought all but the Latin American routes from Pan Am, Delta pledged to take a 45 per cent stake in the reorganised airline, but the big quarterly loss has thrown the future of Pan Am into doubt. Air Wisconsin, fell $1⅜ to $8⅝, on news that its merger talks with American Airlines, down $1⅛ at $59¼, had fallen through.

Black & Decker put on $⅞ to $16⅛ in active trading following positive comments by Goldman Sachs, the broking house, which added the stock to its recommended list.

Canada

TORONTO stocks tumbled to fresh lows at midday with losses spread over a wide range of stocks, as investors retreated before the weekend.

The composite index dropped 34.9 or 1.1 per cent to 3,458.2. Declining issues led advances by 255 to 198 on volume of 16.7m shares valued at C$211.8m.

Among active stocks, Laidlaw B fell C$⅛ to C$8¼, and Scotiabank fell C$¼ to C$19⅛.

Among mining and oil stocks, Placer Dome rose C$⅛ to C$14⅝, Lac Minerals fell C$¼ to C$9¾ and American Barrick added C$⅝ to C$29⅝.

SOUTH AFRICA

GOLD SHARES rose sharply in Johannesburg, boosted by a strong bullion price. The all-gold index jumped 6 per cent or 67 to 1,229, helping the overall index to rise 1.8 per cent or 63 to 3,525. The industrial index gained 27 to 4,203.

European bourses loosen their ties with Wall Street

William Cochrane and Antonia Sharpe analyse the strategists' response to the past week's US weakness

THE RESILIENCE of continental bourses to the weakness on Wall Street in the past week reveals a new maturity, say analysts, and suggests that they are in the process of decoupling themselves from the influence of the US market (see table).

However, they add, neither Wall Street nor the European bourses face the prospect of a crash of the severity of the one that hit markets a little over four years ago, in October 1987.

Mr Sushil Wadhwani, director of UK and European equity strategy at Goldman Sachs, said that there was no substantial change in the continental outlook. This contrasts with Wall Street where, even before the near-120 point slide on Friday, November 15, international equity strategists had their doubts.

"A stable performance from the US market would be necessary to ensure that European markets maintain some kind of momentum," forecast Mr Gary Dugan, European strategist at Baring Securities, in October. "This cannot be guaranteed, given the current overstretched price/earnings ratio multiples on Wall Street."

By last Monday, following Wall Street's initial slide, Morgan Stanley's Mr David Roche was contemplating the difference between US share price ratios and those closer to home. "I consider that the US market is particularly expensive in relation to Europe," he said.

Mr Roche's colleague, Mr Richard Davidson, went into more detail. The US, he said, was on a prospective p/e of 17.8 for 1991, compared with 16.4 for Germany, 15.6 for the UK and about 14 for France. However, he said, at this depressed stage of the corporate profitability cycle, price/cash flow ratios were a better measure of market levels: the US was on a price/cash flow ratio of 8.6, against 8.8 for the UK, 6.3 for France and only 5.3 for Germany.

European values are also supported by evidence other than investment ratios. A recent visit to the Bundesbank and other institutions in Germany left Baring's Mr Dugan more confident about his overweight recommendation for the equity market.

The German market has already discounted a great deal of poor corporate news. There are also signs that the Bundesbank will not need to increase interest rates, because inflation appears to be back under control after peaking at just under 5 per cent in March. Furthermore the central bank does not appear to be unduly worried about the level of wage settlements.

Morgan Stanley is also bullish towards German equities, recommending the equity and bond markets of Germany, France and, to a lesser extent, Scandinavia and Italy; as of November 18, it moved 3 per cent of its UK weighting into German equities.

Price performance during some key episodes (%)

Country	1987 Crash	October 1989	Gulf Crisis	Soviet Coup	Current
Italy	−27.7	−3.7	−21.9	−7.8	−1.4
Germany	−36.8	−7.7	−23.6	−8.9	−1.8
Spain	−31.0	−3.4	−23.7	−8.4	−1.9
Netherlands	−37.8	−5.0	−12.9	−3.1	−2.0
Sweden	−37.2	−3.7	−17.4	−6.4	−3.3
Switzerland	−37.3	−5.5	−17.8	−7.4	−4.6
France	−29.4	−6.4	−20.5	−6.5	−6.6
UK	−33.7	−4.8	−12.3	−2.9	−3.9
Japan	−18.6	+0.8	−20.6	−6.0	−4.1
US	−20.0	−3.8	−11.2	−2.4	−4.8

Note: 1987 crash: Oct 14 to Nov 10; 1989: Oct 13 to Oct 17; Gulf crisis: Aug 1 to Sep 19; Soviet coup: Aug 19; Current: 4pm London time Nov 15 to 4pm London time Nov 22. Source: Goldman Sachs

But what of the downside risk? Here, said Mr Davidson, fund managers could take comfort from the level of "risk premiums", which compare long-term bond yields with the net present value of equity dividend flows, and are another measure of how expensive, or otherwise, equity markets are.

According to Morgan Stanley, it is not possible to argue now, as it was in 1987, that global equities are ludicrously overvalued and that international investors should get out of shares altogether. At the moment, said Mr Davidson, the US equity market is on an average risk premium of 1.6 per cent over bonds. While this looks marginally dear, compared with an average of 2.1 per cent for the past 10 years, it also compares with a negative premium, or minus 2 per cent, in 1987. For Europe, the figures are 2.3 per cent, 2.7 per cent and minus 2 per cent respectively.

Opinion is a two-way street. Merrill Lynch has been saying since early October that European equity markets could see a substantial correction in market values, and that cash could offer higher returns in the short term.

On Wednesday, Merrill updated its strategy; but it did not change its opinion, saying that the reduction in corporate earnings forecasts, on the worsening global economic growth prospects, left it wary of the short term. It said that there could still be a correction of 5 to 10 per cent in European equity markets over the next few months.

France is a case in point. At the start of the fourth quarter, most brokers were optimistic that it would outperform other European markets in that quarter. A cut in interest rates in the middle of October, although it was widely expected, bolstered their optimism.

However, the Bank of France's shock decision at the start of this week to put interest rates back up again to protect the franc has made some analysts change their minds. Mr Dugan has trimmed his recommendation back to neutral; he believes that the French market will have little positive news to focus on in the final quarter.

Further weakness in the dollar, on concern about the US economic recovery, will exert a two-way pull on continental markets. On the one hand, the softer currency will have a negative impact on dollar-earners. According to Goldman Sachs, 34 per cent of Dutch earnings depend directly on the US economy, followed by Switzerland with 25 per cent, the UK with 20 per cent, Sweden with 15 per cent, Germany and Italy with 10 per cent, France with 5 per cent and Spain with 3 per cent.

On the other hand, a weaker dollar also permits continental interest rates and inflation to be lower than they would otherwise be.

EUROPE

Paris ends week 6.5% lower as rate rise takes its toll

THE UNEXPECTED rise in French interest rates on Monday continued to depress Paris yesterday, extending its decline on the week to 6.5 per cent, *writes Our Markets Staff.*

PARIS followed the domestic bond market lower. The CAC 40 index fell 24.82 or 1.4 per cent on the day to 1,741.20. Turnover was strong at about FFr3.3bn, up from FFr2bn.

Among financials, which have been reeling since the rate rise, Paribas dropped FFr15.30 or 4.1 per cent to FFr360, for a loss of 12 per cent on the week; Bancaire shed FFr17.10 to FFr459, down 9.8 per cent on the week; and Suez fell FFr4.40 to FFr278.60, off 9.5 per cent on the week. Société Générale was the most resilient, falling FFr4.70 to FFr444.90 in heavy volume of 493,690 shares, and losing only 1.5 per cent on the week.

In engineering, Spie-Batignolles dropped FFr25 or 6.4 per cent to FFr365 after Trafalgar House of the UK said that it might have to delay a second payment to former shareholders in Davy Corp.

FRANKFURT balanced ongoing support for the banking sector against an unexpected acceleration in German money supply growth. The result was a DAX index up just 2.16 on the day at 1,600.26, after a 2.36 rise to 659.09 in the FAZ at midsession. Falls on the week were 1.8 and 1.4 per cent respectively.

Volume rose from DM3.8bn to DM4.3bn. The G7 offer to delay Soviet Union debt repayments for up to one year left Deutsche Bank DM6.50 higher at DM664, after its DM2 gain in the post-bourse on Thursday. However, news of October's M3 growth reduced enthusiasm, and Deutsche Bank was back at DM662 by the London close.

ZURICH fell 1.6 per cent on the day and 4.9 per cent on the week as the Crédit Suisse index lost 7.3 to 468.7. The rise in November inflation in the city of Basle set the tone.

Brown Boveri bearers fell another SFr200 to SFr3,250 and Adia bearers dropped to an all-time low of SFr485 before closing at SFr496, down SFr54. Adia tends to be sensitive to the health of the US economy.

AMSTERDAM had an early lift from the insurer Aegon's third quarter results but then fell back on a gloomy report from Bührmann-Tetterode, the office supplies and packaging group. The CBS Tendency index fell 0.2 to 90.5, down 2.3 per cent on the week, in modest turnover of Fl 526m.

Aegon rose to Fl 122.50 in early trading, but eased on profit-taking to close 30 cents lower at Fl 120.90.

Bührmann-Tetterode fell as low as Fl 39.10. But the company had already warned the market that trading conditions had been difficult, and the stock recovered to close 70 cents better at Fl 40.

MILAN got some support from the insurance sector but its undertone remained weak, on persistent fears that more brokers were in financial difficulty. The Comit index fell 2.10 to 507.08, down 1.8 per cent on the week, in turnover estimated at between L75bn and L80bn after Thursday's L67bn.

Eridania dropped 3.8 per cent or L270 to L6,880. Ferruzzi Finanziaria denied rumours that it was considering offering its own shares in exchange for shares in Eridania as part of the merger between Eridania and Beghin-Say.

STOCKHOLM subsided as Ericsson B shares lost SKr5 or 4.6 per cent to SKr103. The Affärsvärlden General index fell 10.80 to 942.80, down 3.2 per cent on the week, in higher turnover of SKr484m.

Skandia and S-E Banken were suspended ahead of news that S-E Banken was effectively reselling most of an option to buy 28.2 per cent of the insurance company.

OSLO's all-share index recovered further, rising 5.27 to 121.57 for a 4.1 per cent loss on the week but a 5 per cent gain since Tuesday. Den norske Bank rose NKr2.3 to NKr9.1.

MADRID was steady, as the general index eased 0.11 to 245.78, a loss of 1.6 per cent on the week. Turnover was flat at Pta11bn. Alba gained Pta200 to Pta4,300; the holding company said it expected only a small fall in 1991 net profits following the sale of its Pryca stake.

ISTANBUL soared 9 per cent to a five-month high after the new government pledged to support the Turkish lira and take measures to boost the stock market. The 75-share index rose 308.82 to 3,755.46, for a weekly gain of 19.7 per cent.

FT-SE Eurotrack 100 - Nov 22

Hourly changes

Open	10 pm	11 am	Noon	1 pm	2 pm	3 pm	Close
1072.66	1071.75	1071.46	1069.66	1066.86	1066.68	1065.99	1066.84

Day's High 1072.66 Day's Low 1065.53

Nov 21	Nov 20	Nov 19	Nov 18	Nov 15
1071.97	1076.00	1075.11	1084.16	1109.27

Base value 1000 (26/10/90)

ASIA PACIFIC

Nikkei down again on arbitrage unwinding

Tokyo

SHARES turned lower yesterday on continued arbitrage unwinding after a fall in futures prices, while concern over excess supply of stock kept investors away, *writes Emiko Terazono in Tokyo.*

The Nikkei average closed 60.45 down at 23,117.39, falling for the eighth consecutive day, after a high of 23,209.77 and a low of 22,925.04. The index lost 4.1 per cent during the week.

Yesterday, the Nikkei rose at first after Wall Street's steady performance overnight, but it later retreated on the fall in futures prices. However, bargain-hunting supported the index around the 23,000 level.

Volume fell to 240m shares from 270m. Losses outnumbered rises by 603 to 346, with 195 issues unchanged. The Topix index of all first section stocks rose a marginal 1.24 to 1,764.77 and, in London trading, the ISE/Nikkei 50 index fell 7.93 to 1,311.38.

Worse-than-expected earnings announcements, highlighting the domestic economic slowdown, have discouraged investors, while jitters over the expiry of December futures contracts, due on December 13, prompted arbitrageurs to unwind long cash positions.

The disappointing debut of Sony Music Entertainment, the music software subsidiary of the electronics group, on the second section yesterday, also depressed sentiment. Dealers said that the Rolling Stones' defection to Virgin was one of the reasons for the flop. Sony Music had issued 18m new shares which fetched Y6,800 each at a pre-listing auction. However, the shares did not trade yesterday, because of a lack of buyers, and closed at an offered price of Y5,700.

Sony, the parent company, also fell, as did other high-technology stocks. Projections of weak earnings and a cut in capital spending for the next fiscal year have discouraged investors. The stock reached a year's low of Y4,500, down Y80, on foreign selling.

Some speculative issues attracted profit-taking. Meiji Milk Product fell Y50 to Y1,160 and Toyo Ink lost Y34 to Y816.

Sumitomo Metal Mining was one of the few winners, adding Y60 to Y1,120 on reports that emergency lending to the Soviet Union by industrialised nations would be collateralised by gold. Dowa Mining also rose Y18 to Y593.

In Osaka, the OSE average lost 139.40 to 25,034.31 in volume of 26.4m shares.

Roundup

INVESTORS IN the Pacific Rim concentrated on domestic events yesterday.

BANGKOK fell on political uncertainty. The SET index dropped 12.23 to 657.07, for a 2.1 per cent loss on the week, in turnover of Bt2.62bn. Campaigners said that their bid for amendments to the draft constitution would continue.

NEW ZEALAND was lifted by Brierley Investments and Carter Holt Harvey. Brierley closed 5 cents firmer at NZ$1.09 in heavy turnover, after reaching an intraday high of NZ$1.11 on the news that it had sold half of its stake in Carter Holt for NZ$454m. Carter Holt ended 9 cents up at NZ$2.14.

The NZSE-40 index peaked at 1,524.20 before closing at 1,516.03, up 19.53 or 1.3 per cent on the day, but down 0.8 per cent on the week. Turnover fell to NZ$23.3m from NZ$30.5m.

TAIWAN rose on news that the economy had grown by 8.41 per cent in the third quarter, the highest rate in three years. The index closed at 4,543.84, up 46.95 on the day and 0.7 per cent on the week. Turnover fell to T$24.3bn from T$26bn.

AUSTRALIA focused on banks after their results. Westpac dropped 33 cents to A$4.55, while ANZ rose 6 cents to A$4.58. The All Ordinaries index fell 3.4 to 1,643.1, down 2.1 per cent on the week, in turnover of A$289m after A$265m.

KUALA LUMPUR rose on short-covering. The composite index added 1.45 to 539.04, down 1.2 per cent on the week. Volume was steady at 25m shares. Construction and Supplies House was the most active stock, falling 5 cents to M$1.19 with 3.25m traded.

HONG KONG rose in moderate trading. The Hang Seng index gained 8.50 to 4,243.07 – down 0.7 per cent on the week – in turnover of HK$1.36bn, after Thursday's HK$1.65bn.

BOMBAY fell 2.2 per cent on falling vehicle sales, flat textile exports and reports of plans to curb cement price rises. The BSE index lost 42.05 to 1,886.56.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Over Fifteen Years

Undated

Five to Fifteen Years

BRITISH FUNDS—Contd

Index-Linked

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

Continued on next page

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY NOVEMBER 21 1991								WEDNESDAY NOVEMBER 20 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (69)	158.59	+1.0	129.15	128.18	129.89	131.64	+0.7	4.80	155.01	127.98	127.13	129.15	130.73	160.31	112.74	125.51
Austria (20)	176.31	+0.6	144.60	143.51	145.42	145.70	+0.5	1.97	174.25	143.84	142.91	145.17	145.04	222.37	153.86	200.20
Belgium (47)	136.47	+0.3	112.56	111.70	113.20	110.72	−0.2	5.35	136.07	112.33	111.59	113.36	110.90	151.20	118.04	138.90
Canada (115)	139.19	−0.2	114.81	113.93	115.45	114.50	−0.2	3.25	139.49	115.15	114.40	116.21	114.74	144.28	126.49	124.56
Denmark (37)	260.92	−0.4	215.21	213.59	216.43	220.55	−0.5	1.61	261.95	216.24	214.85	218.24	221.69	270.56	217.74	251.86
Finland (15)	81.87	−1.3	67.53	67.02	67.91	74.18	−1.7	3.28	82.94	68.47	68.03	69.10	75.46	125.15	81.87	103.33
France (109)	142.73	+0.3	117.72	116.83	118.38	122.07	−0.1	3.64	142.28	117.45	116.68	118.52	122.25	152.26	119.11	141.10
Germany (65)	114.18	+0.1	94.18	93.48	94.71	94.71	−0.3	2.43	114.07	94.16	93.57	95.03	95.03	125.35	94.15	121.55
Hong Kong (55)	175.03	+0.7	144.37	143.28	145.20	174.21	+0.7	4.26	173.74	143.42	142.49	144.75	172.94	176.14	119.62	123.39
Ireland (18)	161.74	−0.6	133.40	132.40	134.16	136.26	−0.8	3.68	162.48	134.12	133.26	135.36	137.29	182.46	132.88	153.60
Italy (77)	71.60	−0.4	59.06	58.61	59.39	64.53	−0.7	3.59	71.92	59.37	58.99	59.92	65.01	88.23	64.76	79.38
Japan (474)	134.41	+0.3	110.87	110.03	111.51	110.03	+0.1	0.77	133.99	110.61	109.90	111.65	109.90	146.97	118.23	129.54
Malaysia (68)	206.10	+0.5	169.99	168.70	170.95	217.33	+0.5	2.86	205.02	169.24	168.15	170.81	216.16	247.78	189.18	196.32
Mexico (17)	1302.06	+0.0	1073.95	1065.86	1080.06	4357.86	+0.0	1.18	1302.06	1074.85	1067.91	1084.80	4357.86	1404.63	534.45	581.91
Netherland (31)	147.23	+0.5	121.43	120.52	122.13	120.82	+0.1	4.47	146.54	120.97	120.18	122.09	120.75	148.24	125.70	134.37
New Zealand (14)	48.12	+1.9	39.69	39.40	39.92	45.03	+1.7	6.17	47.23	38.99	38.74	39.35	44.29	54.64	41.18	49.56
Norway (30)	178.11	+1.1	146.90	145.80	147.74	151.94	+0.8	1.70	176.19	145.46	144.51	146.80	150.72	223.24	173.29	214.04
Singapore (38)	207.70	+0.5	171.32	170.03	172.29	159.18	+0.5	2.19	206.61	170.55	169.45	172.13	158.38	213.93	151.63	156.58
South Africa (61)	263.96	+0.2	217.72	216.07	218.95	174.58	+0.5	2.81	263.34	217.39	215.98	219.39	173.64	269.05	173.00	173.21
Spain (53)	148.75	−0.3	122.69	121.77	123.39	114.27	−0.4	4.82	149.19	123.16	122.37	124.30	114.72	171.12	131.51	148.34
Sweden (25)	173.57	+0.8	143.16	142.08	143.98	149.93	+0.5	2.97	172.19	142.14	141.23	143.46	149.25	204.12	146.60	156.90
Switzerland (59)	97.01	−0.2	80.01	79.41	80.48	85.25	−0.5	2.37	97.17	80.21	79.70	80.97	85.69	100.67	82.17	90.85
United Kingdom (240)	177.35	−0.3	146.28	145.17	147.10	146.28	−0.4	5.09	177.83	146.80	145.84	148.14	146.80	187.44	156.27	167.62
USA (526)	154.62	+0.4	127.53	126.57	128.26	154.62	+0.4	3.14	154.03	127.15	126.34	128.34	154.03	161.59	125.95	127.55
Europe (826)	141.70	−0.1	116.88	116.00	117.55	117.98	−0.3	4.09	141.79	117.05	116.29	118.13	118.33	151.92	125.50	139.20
Nordic (107)	178.89	+0.2	147.54	146.43	148.39	147.40	+0.0	2.19	178.51	147.36	146.41	148.73	147.44	200.81	155.55	174.46
Pacific Basin (718)	135.92	+0.4	112.11	111.28	112.75	112.25	+0.2	1.12	135.42	111.79	111.07	112.82	112.06	145.92	117.88	128.85
Euro – Pacific (1544)	138.56	+0.2	114.28	113.41	114.93	115.31	+0.0	2.33	138.29	114.16	113.41	115.21	115.34	147.86	121.29	133.42
North America (641)	153.58	+0.3	126.67	125.73	127.42	151.91	+0.3	3.14	153.05	126.34	125.54	127.53	151.39	160.44	125.91	127.28
Europe Ex. UK (586)	120.31	+0.1	99.23	98.50	99.81	101.63	−0.3	3.35	120.19	99.22	98.60	100.16	101.92	129.80	103.58	121.55
Pacific Ex. Japan (244)	150.77	+0.9	124.36	123.44	125.08	132.97	+0.7	4.16	149.47	123.39	122.61	124.54	132.03	153.19	111.40	120.03
World Ex. US (1737)	140.63	+0.2	115.99	115.13	116.66	116.95	+0.0	2.36	140.38	115.88	115.14	116.96	116.97	148.16	122.32	133.75
World Ex. UK (2023)	141.15	+0.3	116.42	115.55	117.09	126.96	+0.2	2.36	140.71	116.15	115.41	117.24	126.73	146.16	120.06	128.95
World Ex. So. Af. (2202)	143.50	+0.3	118.36	117.47	119.04	128.40	+0.1	2.64	143.14	118.16	117.41	119.26	128.25	148.66	122.92	130.30
World Ex. Japan (1789)	150.91	+0.2	124.47	123.54	125.20	139.12	+0.1	3.52	150.58	124.30	123.51	125.47	138.94	155.59	126.69	132.38
The World Index (2263)	144.30	+0.3	119.02	118.13	119.71	128.81	+0.1	2.64	143.94	118.82	118.06	119.93	128.65	149.37	123.28	130.56

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AMERICANS

1991 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
34⅝	20⅞	Abbott Laboratories‡	32⅞	+⅛	$1.00	–	1.7
383p	218p	♥Allegheny & W 1c.	226p	+3	30c	–	7.5
10⅛	667p	Amdahl 5c	717p	–15	10c	–	0.8
42⅛	25⅛	Amer. Cyanamid $5	31⅞	+⅛	$1.50	–	2.6
17⅞	9⅞	Amer. Express 60c	10⅞	....	$1.00	–	5.4
24½	15⅛	American T & T $1	20⅝	+⅛	$1.32	–	3.6
38⅞	32½	Ameritech $1	33⅛	....	$3.40	–	5.7
26⅞	12⅞	BankAmerica $1⅞	19⅛	–⅛	$1.20	–	3.5
38⅞	30⅞	Bankers N.Y. $1	34	–⅛	$1.52	–	8.0
30½	24⅛	Bell Atlantic $1	25⅞	+⅛	$2.52	–	5.6
31⅛	25	BellSouth Corp	26⅞	+⅞	$2.76	–	5.9
11⅛	6⅞	♥Bethlehem Steel $8	6⅞	....	40c	–	3.3
1839p	1046p	Bowater Inc.	1100p	–8	$1.20	–	6.1
54⅞	37⅞	CPC Intnl. 25c	45	–⅛	$2.00	–	2.5
930p	420p	California Engy	829p	–15	–	–	–
50	28⅛	Campbell Soup 15c	42⅛	+2⅞	$1.40	–	1.9
12⅛	5⅞	Chase Manhattan $12½	9⅛	–⅞	$1.20	–	7.4
9⅛	5½	Chrysler $6¼	6⅛	+⅞	60c	–	5.1
10⅞	5⅞	Citicorp $1	5⅞	....	–	–	–
26⅞	21⅞	Colgate-Palmolive $1	22⅞	+⅛	$1.08	–	2.6
928p	436p	Cont'l Bank Corp $4	515p	–22	60c	–	6.5
21⅛	13⅞	Dana Corp. $1	15⅞	+⅞	$1.60	–	5.9
1262p	203p	Data General	[illegible]	–22	–	–	–
25⅛	12⅞	Dial Crop $1.5	24⅛	+⅛	$1.40	–	3.2
29⅞	20⅞	Dun & Bradstreet $1	26⅞	+⅞	$2.16	–	4.6
40	24⅛	Eaton Corpn. 50c	32⅞	+⅞	$2.20	–	3.9
8½	5½	Echlin Inc.	6⅞	–⅛	70c	–	6.4
20⅛	14⅞	FPL Group 1c	19⅞	....	$2.40	–	6.9
30⅞	17⅞	Fluor Corp 62½pc	20½	+⅛	32c	–	0.9
23⅛	13⅛	Ford Motor $1	13⅞	+⅛	$1.60	–	4.0
46⅞	28⅞	Gen. Elect. 63c	37⅛	–⅞	$2.04	–	3.1
566p	270p	♥General Host Corp $1	390p	–7	34c	–	5.2
45⅛	20⅞	Gillette $1	23⅞	....	63c	–	1.5
20⅞	794p	Hasbro Inc 50c	19	+⅛	24c	–	0.7
38½	21⅛	Honeywell $1½	32⅛	–⅞	$1.65	–	2.9
23⅛	17⅞	Houston Inds ‡	22⅛	+⅛	$2.96	–	7.5
72⅞	53⅛	IBM Corpn $1¼	53⅛	–⅛	$4.84	–	5.1

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES – Contd

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ENGINEERING

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

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LEISURE—Contd

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Contd

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

INVESTMENT TRUSTS

INVESTMENT TRUSTS—Contd

Net asset values supplied by County NatWest Wood Mackenzie as a guide only.

FINANCE, LAND, ETC

FINANCE, LAND, ETC—Contd

WATER

OIL AND GAS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

MINES—Contd

Australians

Tins

Miscellaneous

NOTES

Stock Exchange dealing classifications are indicated to the right of security names α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares. γ Gamma refers to other traded instruments

Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on 'net' distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs

- ● "Tap Stock"
- " Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◊ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities
- ‡‡ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue, cover relates to previous dividend or forecast
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover based on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend
- ‡ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other official estimates. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend; cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency

Craig & Rose £1	β	625xd	.
Finlay Pkg. 5p.	α	45	....
Holt (Jos) 25p	β	2040	.
Helton Hldgs	γ	35	-1
IPG		123½	
United Drug		163	-7

IRISH

Cap. 8½% Ln 2010	£95½	-⅝
9pc Cap Ln 1996	£98⅛	-⅛
Fin. 13% 97/02	£114½	
Arnotts	180xd	

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	50
Amstrad	6
Astec (BSR)	5
BAT	53
BOC Grp	48
BTR	33
Barclays	34
Blue Circle	20
Boots	33
Bowaters	55
Brit Aerospace	35
British Steel	10
Brit Telecom	33
Cadburys	35
Charter Cons	42
Comm Union	40
Courtaulds	38
Eurotunnel	50
FKI	5
FNFC	10
Forte	22
Gen Accident	43
GEC	16
Glaxo	110
Grand Met	67
Guardian	14
GKN	28
Hanson	17
Hawker Sidd	55
ICI	95
Ladbroke	21
Legal & Gen	33
Lex Service	16
Lloyds Bank	30
Lucas Inds	12
Marks & Spencer	21
Midland Bk	20
Nat West Bk	26
P & O Dfd	41
Racal Elect	6
RHM	23
Rank Org Ord	55
Ratners	12
Reed Intnl	35
Sears	8½
SmKl. Beecham A	53
TI	39
TSB	11
Tesco	21
Thorn EMI	65
T&N	14
Unilever	60
Vickers	16
Wellcome	68

Property	
Brit Land	27
Control Secs.	2
Land Securities	41
MEPC	42
Mountleigh	4

Oils	
Aviva Petim	3
Brit Petroleum	26
Burmah Castrol	47
Conroy Petim	8
Gaelic Res.	1
Premier	4
Shell	40
Tuskar Res	1
Ultramar	20

Mines	
Lonrho	20
RTZ	46

FINANCIAL TIMES
Weekend November 23/November 24 1991

Narrowing of trade gap fails to cheer City

By Peter Norman, Economics Correspondent

BRITAIN'S current account balance of payments deficit narrowed last month, but only because the September figures turned out to be worse than previously thought.

The Central Statistical Office (CSO) yesterday said the seasonally adjusted shortfall on the current account fell to £601m in October from £702m in September, bringing the provisional deficit for the first 10 months of this year to £5.68bn.

Britain's deficit on visible trade declined in October to £801m from £902m, as the value of exports rose by around 1.5 per cent to £8.7bn and imports were little changed at £9.5bn.

The CSO estimated that in the four months to October the UK earned surpluses of £200m a month from invisible trade such as tourism, banking and insurance. These have partly offset the visible trade deficits.

Last month's current account deficit was mildly disappointing for the City, which had been expecting a gap of around £550m. Financial markets were more disturbed by the upward revision in the September deficit from £529m, announced a month ago, and the disclosure that imports had risen and exports declined in the three months to October compared with the preceding three months. Several economists said it was worrying that Britain should be running such a substantial deficit at this stage of the economic cycle.

Moreover, the latest export figures implied that it would be difficult for the UK to match government forecasts of 2.5 per cent volume growth of exports this year and 7.25 per cent in 1992.

However, Treasury officials were less gloomy. Although there might be a "temporary flattening" of exports, there was no reason to expect that the current account deficit would exceed the government's forecast of £6.5bn for this year, they said. Mr Gordon Brown, the Labour party's trade and industry spokesman, said the figures demonstrated "the need for government action to stimulate industrial investment".

Britain "should now be running a surplus, not trading at a loss," commented Mr Archie Kirkwood, the Liberal Democrats' trade spokesman. "These figures suggest that if consumer spending picks up, as the Chancellor predicted in his Autumn Statement, Britain will sink further into the red."

Rise fails to arrest falling trend, Page 6
London stocks, Page 14

Russia aims for control of central banking

By Leyla Boulton in Moscow, Quentin Peel in Bonn and Peter Norman

RUSSIA yesterday moved to take control of central banking in the former Soviet Union from January 1, challenging smaller republics either to join a banking union on Russian terms or to create their own currencies.

The Russian leadership, however, avoided the mistake it made in August when it tried to take over Vneshekonombank – the Soviet bank which services the Soviet foreign debt – complete with its management, assets and liabilities. That move alarmed creditors around the world and made Russia liable for the whole Soviet debt.

Yesterday's action by parliament only stipulated that Vnesheconombank should be re-registered as a Russian entity by December 15.

A bank spokesman said he saw no problems in continuing to act as debt manager for the eight republics which undertook to the Group of Seven Western countries on Thursday to honour the foreign debt.

A parliamentary resolution declaring Russia's central bank "the only state organ responsible for monetary and credit policy" is the latest move by Russia to initiate and dictate the course of radical economic reforms for other republics to follow.

It said the Russian central bank would take over the central banking functions of Gosbank, the Soviet central bank, until the creation of a new banking union. This means the seven other signatories of the treaty of economic union have no choice but to agree to a shared central banking system which gives Russia a vote proportional to its wealth.

While many smaller republics will no doubt acquiesce, Ukraine said the Russian move was one more reason to press ahead with its own currency, the grivna.

Mr Yegor Gaidar, Russia's deputy prime minister, said earlier this week Russia had to be ready to issue its own currency to avoid a deluge of surplus roubles if other republics issued their own currencies.

Western bankers were urged yesterday by Mr Horst Köhler, state secretary in the German Finance Ministry and one of the key negotiators of the G7 debt relief package, to lend their support to the agreement.

His comments came as Mr Boris Yeltsin, the Russian president, made a plea for continuing Western investments.

Precious figures, Page 8

US wants next Mideast peace talks to be held in Washington

By George Graham in Washington

THE US yesterday confirmed it was proposing that a new round of Middle East peace talks should take place in Washington.

Mr Yitzhak Shamir, Israel's prime minister, made a last minute effort to persuade the US that the talks should be held in the Middle East when he met President George Bush in Washington.

The State Department said, however, that the US had left the parties directly involved in negotiations to work out where to hold their next round of bilateral talks, but had eventually decided to issue invitations for a meeting to open in Washington on December 4.

"It is important to give the parties the chance to work this out, but it is even more important to resume the direct talks," said Ms Margaret Tutwiler, the State Department spokeswoman. She said the US saw no reason to exclude holding future talks in the region.

Mr Shamir has argued that the talks should take place in the Middle East because this would entail a further implicit Arab acceptance of Israel's status. Cyprus had been suggested as a possible compromise.

After failing to prevail on the site of the talks, Mr Shamir opened the door for the first time to possible negotiations on his country's controversial settlements in the territories it occupied after the 1967 war.

"The settlements are a part of the territorial problem, and the territorial problem will be discussed and negotiated during the negotiations," Mr Shamir said.

The concession encouraged some American Jews who want to persuade Mr Shamir to adopt a more conciliatory approach to the talks that began in Madrid last month.

Mr Shamir had already adopted a moderate tone in a speech in Baltimore on Thursday, to the Council of Jewish Federations (CJF), an umbrella organisation grouping the leaders of a wide range of American Jewish charities. Mr Shamir was seeking to win over an audience that has shown itself to be markedly more dovish than the Israeli government.

While reaffirming his hostility to any partition of the occupied territories on the West Bank of the Jordan and stressing Israel's need for secure boundaries, Mr Shamir avoided any direct attacks on Syria, which seemed his principal adversary in the Madrid talks.

He also avoided any explicit rejection of the principle of "land for peace" – which the US has said must be the basis of a peace settlement but which Israel has rejected.

A poll of CJF leaders conducted earlier this month on behalf of the Wilstein Institute of Jewish policy studies in Los Angeles showed that 88 per cent favoured offering the Arabs a territorial compromise in the West Bank and the Gaza Strip in return for credible guarantees of peace. A majority was also ready to consider giving back at least part of the Golan Heights to Syria.

The poll also found that 78 per cent favoured a freeze on new settlements in the West Bank in return for a US guarantee for $10bn (£5.6bn) of borrowing to help house Soviet Jews arriving in Israel.

Mr Bush has asked Congress to delay considering the loan guarantees until the new year, to avoid hampering the peace talks.

Profile of the next UN secretary-general, Page 3

Making concessions: Israeli prime minister Yitzhak Shamir (left) with President George Bush yesterday

Guinness Continued from Page 1

circumstances surrounding the events of 1986 were open to question and have been subject to much criticism."

Guinness issued indemnities to various companies and individuals which bought its shares during the bid, helping to keep its share price up and so buoy up the value of its bid.

The company's statement added that the two advisers had "thought it appropriate to make contributions to Guinness in recognition of the good sense of this settlement, not on any legal grounds".

Argyll said it had also decided against suing Guinness because of the uncertainty of winning in court. Had it sued the drinks group, it is thought likely that Guinness would have joined Morgan Grenfell and Cazenove in any action to seek to shift some of the liability on to the advisers.

Yesterday's settlement was celebrated with a glass of champagne by Mr Anthony Tennant and Mr Alistair Grant, chairmen of Guinness and Argyll respectively. It was also greeted with relief in the stock market. Against the background of a falling market, Guinness shares rose 5p to 509p, and Argyll's closed 4p higher at 259p.

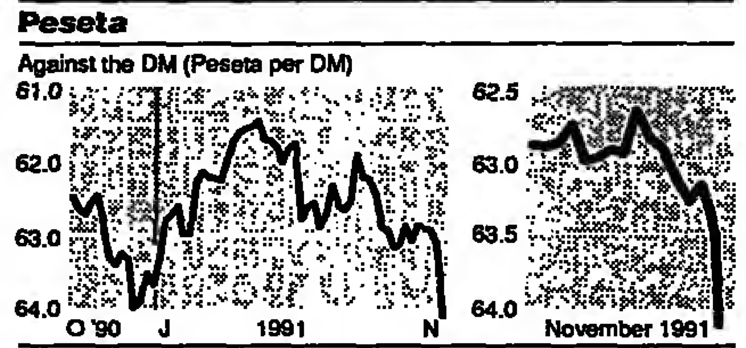
Mr Grant said: "I am pleased that we have been able to achieve an honourable settlement without recourse to litigation and that we can close the book on the whole matter."

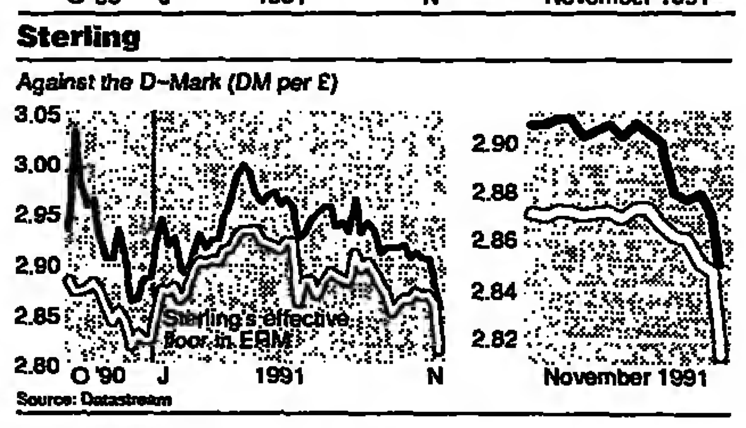
Mr Tennant added: "This closes the final chapter in an unhappy event in the history of Guinness. We know now that we can look to the future with no fear of costly litigation or distraction arising from the events of so many years ago."

The settlement represents Argyll's costs of £53.7m during the bid, plus interest. Guinness is able to claim tax relief on the interest element of the compensation – worth around £14m at current corporation tax rates – leaving it with an after-tax cost of £78m.

A spokesman said the cost would be dealt with as an extraordinary item in its accounts. "We are a hugely cash generative company – free cash flow in the first half of the year amounted to £160m – and it does not make any significant difference to our balance sheet."

For Argyll, the third largest supermarket chain after Sainsbury and Tesco, the £100m payment represents a substantial contribution towards its £1.4bn store expansion programme. The sum is enough to pay for eight new supermarkets which it is now opening at the rate of 25 a year.





Sterling Continued from Page 1

of around DM2.82. Had it fallen below this, agreed ERM rules would have demanded concerted intervention by other central banks or a UK interest rate rise to keep the pound within its 6 per cent fluctuation bands.

Analysts in Madrid suggested the Spanish might be deliberately trying to lower the ERM floor, against which sterling and the peseta trade, in order to help prevent rate rises in the UK.

Spanish central bank officials would not comment on why the peseta had been allowed to slide this week to more than Pta64 to the D-Mark, the lowest the Spanish currency has fallen against the D-Mark since entering the ERM in 1989.

Though a UK rate rise is regarded as "political suicide," Mr Avinash Persaud, at UBS Phillips and Drew, is one economist who suggests that the UK authorities could follow the example set by the French central bank last week and raise rates just for a short time as a crisis measure.

Bank independence Continued from Page 1

British negotiating position has increased the optimism about a deal on Emu. Mr Norman Lamont, the chancellor, has agreed that the European Central Bank envisaged for the final stage of monetary union should have independent charge of interest rate policy.

Ministers accept that the logic of this concession pointed to a much greater degree of independence for the Bank of England in setting domestic interest rate policy. Such moves would would come relatively soon after next year's election if the Conservatives won a fourth term.

The government is still opposing a clause requiring member states to show "progress" towards independence for their central banks during stage two of Emu. But this represents a formal position, designed to underline that a decision to give the Bank greater independence was not being "imposed" by the EC.

Mr Major is said to be relaxed about the idea of an eventual move to hand management of interest rate policy to the Bank. He recognises that sterling's participation in the exchange rate mechanism of the European Monetary System has already reduced the element of discretion which the Treasury once exercised over monetary policy.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
AG Ind & Verk	738	+	8
Bayer Ver'nsbk	415.5	+	7.5
Deutsche Bank	654	+	6.5
Philips Kommun	620	+	19
Falls			
Holzmann Ph	1150	–	35
MAN Pref	289	–	6
New York ($)			
Rises			
Black & Decker	16⅛	+	⅞
Falls			
Air Wisconsin	8⅜	–	1⅜
Delta Airlines	57⅛	–	1⅜
Digital Equip	60⅛	–	¾
Hewlett-P'kard	46⅝	–	1⅝
Raymond J Fincl	22⅝	–	1¾
New York prices at 12.30pm			
Paris (FFrs)			
Rises			
GTM-Entrepose	365	+	25
Industrielle	9550	+	360
Falls			
Beghin-Say	570	–	25
Cr Fonc France	902	–	34
Euralrance	1260	–	77
Gaumont (Sc N)	662	–	28
Tokyo (Yen)			
Rises			
Daidoh	1420	+	120
Fuji Rebio	1370	+	120
Ibiden	1380	+	90
Iwasaki Elect	980	+	100
Toyo Sanso	1850	+	170
Falls			
Daito Wool Spng	1100	–	110
London (Pence)			
Rises			
Airtours	874	+	20
Auto Security	139	+	8
Cityvision	46	+	21
Firth (GM)	31	+	3
Hall Eng	124	+	10
Jones Stroud	189	+	7
Lonrho	229	+	6
Proteus	177	+	26
Psion	144	+	14
SelecTV	21½	+	2
Falls			
ADT	340	–	46
Argos	280	–	22
Ayrshire Metals	47	–	11
British Steel	75½	–	3
Hawker Siddeley	675	–	44
Hillsdown	178	–	8
Kingfisher	505	–	21
Marks & Spencer	279½	–	11½
McCarthy & Stone	57	–	6
Mid & Scot Res	26	–	4
OMI Intl	44	–	17
Plaxton	44	–	4
Unigate	286	–	13

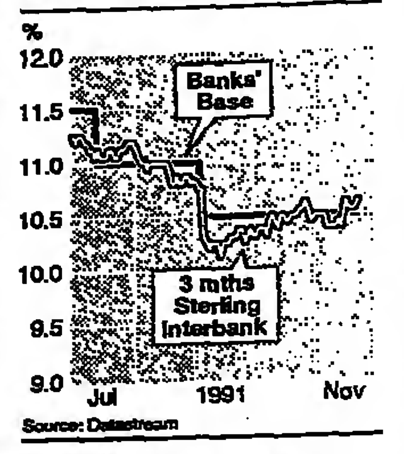
THE LEX COLUMN

A narrow escape for BTR

There may be a certain significance in the fact that BTR's bid for Hawker Siddeley ended up such a cliff-hanger. Hawker's bid defence was so clumsy and accident-prone that its chances had been written off weeks ago. Nevertheless, the market's last-minute loss of nerve was such that yesterday's closing price – before the result was known – was 50p below the 725p cash value of BTR's offer. The market makers, if no one else, will have a lively Monday morning.

The explanation must have something to do with the recent failure of contested bids such as Boddington/Devenish and American Brands/Invergordon. It is not yet clear whether the 1990s will prove less accommodating to the predator than the 1980s, or whether this is merely a matter of investors being reluctant to sell at the bottom of the cycle. Either way, the importance of the result to BTR can scarcely be over-estimated. Arguments over price and strategy apart, failure would have suggested that BTR is no longer nimble enough to catch the prey on which it feeds. Success was also vital to consolidate the position of the chief executive, Mr Alan Jackson. Having moved the former chief executive to make room for him, BTR could scarcely afford further upsets in the delicate task of installing a credible succession.

FT-SE Index: 2,446.3 (-17.2)



Guinness

Guinness's £92m payment to Argyll is a curious illustration of the speed of change in commercial life. At the time of the Distillers bid, the sum would have been equal to 15 per cent of Guinness's market value. It now amounts to 1 per cent. Put another way, it accounts for four months of Guinness's free cash flow. Argyll, which went on to buy Safeway instead, has done not at all badly in the meantime. But £92m looks very small beer compared to the fact that whereas Argyll had the same market value as Guinness at the time of the bid battle, it is now worth £7bn less.

Markets

In the circumstances, the 100-point fall in the FT-SE this week has to be reckoned a fairly robust performance. In the past six trading days, Wall Street has fallen 170 points, UK money market rates have edged ominously upwards and there have been faint, but worrying, signs of a genuine sterling crisis. Real market die-hards might even argue that the fact that the yield on the All-Share is now above 5 per cent and the yield ratio below two suggests that equities offer good value.

But in the near term, that must depend on the behaviour of sterling. The fact that it dropped briefly below the supposed danger level of DM2.85 yesterday without apparent intervention tells us little. The effect was to scare the market with the spectre of higher interest rates; but that, after all, is an essential ingredient of a credible exchange rate policy. More worrying, perhaps, was the fact that German money supply growth edged closer yesterday to its permitted ceiling of 5 per cent. Sterling's fall in the last week was mostly the result, not of domestic problems, but of the polarisation of the D-Mark and the dollar. There may be more of the same to come.

UK housebuilding

If anything, the last half point cut in interest rates actually worsened the difficulties of the UK housing market. The move was widely seen at the time as presaging a November election, and may have encouraged those thinking of selling their homes to put off the decision till next year. Over the last couple of days, investors have been treated to two more industry views of how things will develop from here. Sir Lawrie Barratt, in a typically pugnacious address to shareholders at Thursday's AGM, insisted that the bottom has at last been reached and that house prices, along with wages, will rise by 5 per cent in 1992. McCarthy & Stone, the retirement home specialists, struck a more cautious note with yesterday's final results, ruling out any recovery until the political uncertainties are out of the way.

The trouble with believing either of these prognostications is that neither company's performance inspires much confidence. Sir Lawrie has every incentive to be optimistic, and not just because his remuneration depends on it. Though the banks have rallied round for the moment, the company is flat on its back and has most of the hard work ahead of it. The scheme to sell show houses to individual investors is frankly bizarre. Thanks to recent write-down, Barratt has been able to dash for cash, with stocks and borrowings rapidly reduced. The longer term question, though, is whether the company has the skills to thrive in a market where low margin volume may be the key to success.

McCarthy & Stone will hardly be proud of the timing of its May rights issue, while its strategy of pressing ahead with the development programme and selling land looks a touch inconsistent. The good news is that its competitors are falling by the wayside; but there is reason to think that demand from grannies will be the last to reappear.

UK television

Mr Michael Green has certainly emerged as a powerful player in the reshaping of commercial TV. Having captured the London weekday licence from Thames in last month's auction, Carlton Communications yesterday added a 20 per cent investment in the winning Sunrise consortium for breakfast television to its existing 20 per cent stake in Central. Not only does this give Mr Green a finger in some attractively varied pies, it takes Carlton virtually up to the limit of holdings allowed under Independent Television Committee rules.

Though there is room for doubt about Sunrise's ultimate share of the breakfast market, Carlton can well afford the risks. The move can also be seen as positive for the development of a lower cost broadcasting system, cementing the already close relationship between Carlton and LWT, another member of the Sunrise consortium. Plans to share LWT's facilities are well advanced, and a rival news service to ITN may be a longer-term ambition. That said, the authorities will want to keep a close eye on how co-operation works in effect, and ensure that the power bloc does not abuse its position.

WORLDWIDE WEATHER

Today: England and Wales will be mainly dry but rather cloudy, with brighter spells possible, chiefly in the east. Southern and western coasts could have a little drizzle. Western Scotland and Northern Ireland will be cloudy with rain becoming more persistent. Eastern Scotland will be mainly dry.

		°C	°F
Ajaccio	F	13	55
Algiers	F	14	57
Amsterdam	C	4	39
Athens	F	21	70
Bahrain	S	26	79
Barcelona	S	9	48
Belfast	C	9	48
Belgrade		–	–
Berlin	S	2	36
Biarritz	F	8	46
Birmingham	C	9	48
Blackpool	C	10	50
Bombay	S	32	90
Bordeaux	F	5	41
Boulogne	Dr	5	41
Bristol	C	10	50
Brussels	C	5	41
Budapest	R	7	45
Buenos Aires		–	–
Cairo	F	24	75
Cape Town	S	22	72
Cardiff	C	10	50
Chicago †	S	2	36
Cologne	C	0	32
Copenhagen	R	4	39
Corfu	F	20	68
Dallas †	S	10	50
Dublin	F	10	50
Dubrovnik		–	–
Edinburgh	C	10	50
Faro	S	15	59
Florence	C	11	52
Frankfurt	S	4	39
Geneva	C	4	39
Gibraltar	S	15	59
Glasgow	C	10	50
Guernsey	C	10	50
Helsinki	C	4	39
Hong Kong		–	–
Innsbruck	C	3	37
Inverness	F	12	54
Isle of Man	F	11	52
Istanbul	S	16	61
Jersey	F	10	50
Johannesburg	S	20	68
Las Palmas	C	19	66
Leeds	C	11	52
Lisbon	S	13	55
Locarno	S	10	50
London	C	10	50
Los Angeles †	S	12	54
Luxembourg	S	2	36
Madeira	F	19	66
Madrid	S	9	48
Majorca	F	13	55
Malaga	S	14	57
Malta	S	21	70
Manchester	S	10	50
Melbourne	S	16	61
Mexico City		–	–
Miami †	S	24	75
Milan	R	9	48
Montreal †	F	0	32
Moscow	C	-1	30
Munich	C	1	34
Nairobi		–	–
Naples	C	13	55
Nassau		–	–
Newcastle	F	11	52
New Delhi	S	27	81
New York †	R	14	57
Nice	T	11	52
Nicosia	S	22	72
Oporto	S	11	52
Oslo	F	2	36
Paris	S	5	41
Peking	S	12	54
Perth	S	31	88
Prague	C	0	32
Reykjavik	R	4	39
Rhodes	S	20	68
Rio de Janeiro		–	–
Rome	R	15	59
Salzburg	Sn	2	36
S'Francisco †	S	7	45
Seoul	F	12	54
Singapore		–	–
Stockholm	C	5	41
Strasbourg	C	4	39
Sydney	S	21	70
Tangier	S	14	57
Tel Aviv	S	23	73
Tenerife	C	14	57
Tokyo	C	12	54
Toronto †	S	-1	30
Tunis	F	16	61
Valencia	S	13	55
Vancouver †	C	4	39
Venice	F	11	52
Vienna	Sl	1	34
Warsaw	C	0	32
Washington †	C	16	61
Wellington	S	17	63
Zurich	C	3	37

Temperatures at midday yesterday † Noon GMT temperatures C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

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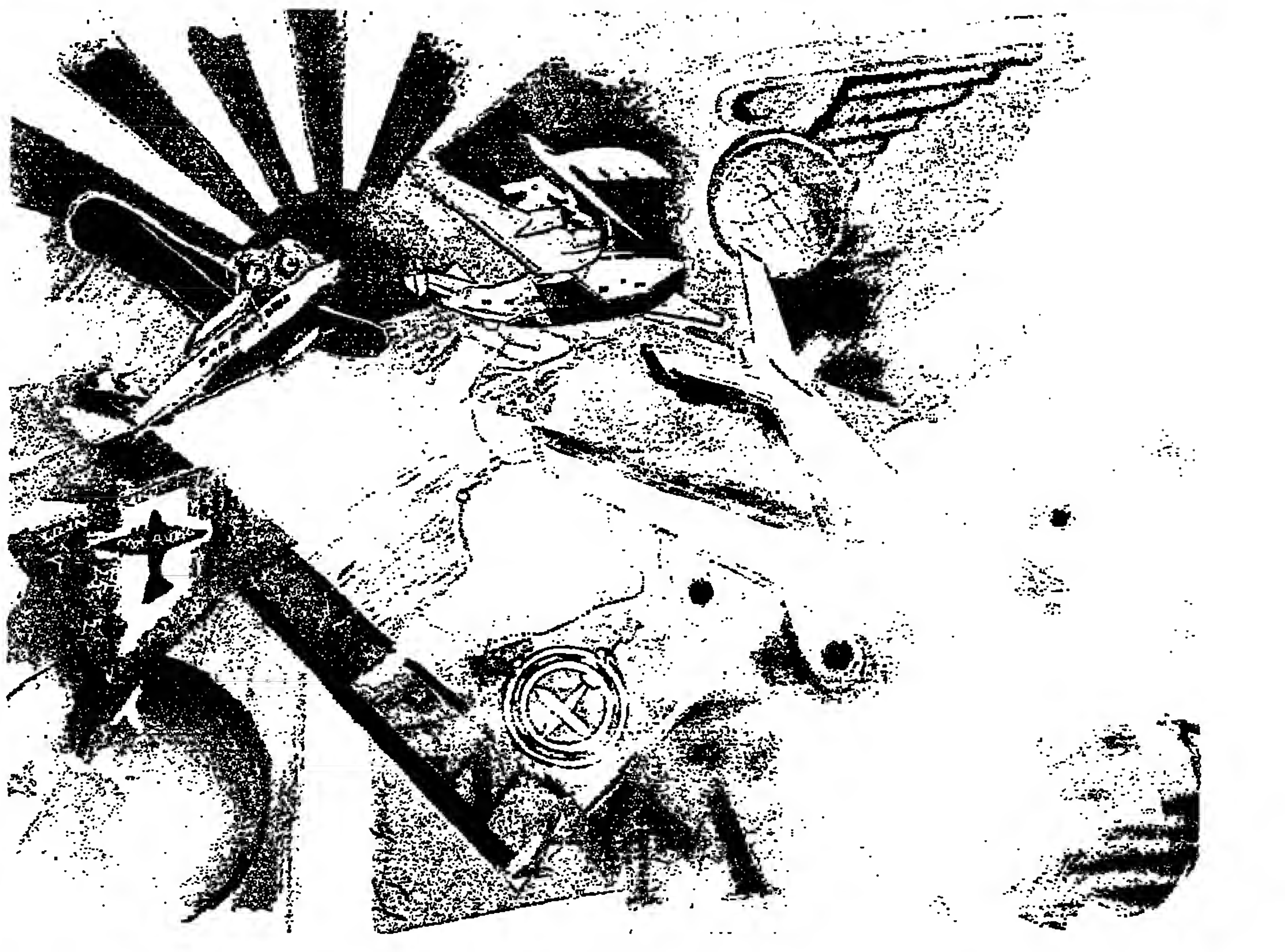
Weekend FT

SECTION II | Weekend November 23/November 24 1991

Decline and fall of an American dream

Nikki Tait reports on the demise of Pan Am, the airline which embodied the spirit of a new age



ON A frosty January night a remarkable scene occurred near Manhattan's old Customs House – now home of the New York bankruptcy court. A gang of youths loitering by the subway suddenly burst out chanting: "Pan Am! Pan Am!", and punched the air like elated soccer fans as they retreated into Broadway.

Pan Am? What could it mean to them, or they to it? A lawyer, emerging from a late court sitting, explained that, having won permission to sell more assets, the airline could keep on flying. "Pan Am! Pan Am!" The cry seemed to evoke a half-forgotten era when the airline embodied all that was modern, prosperous and confident about the US.

Alas, like a spendthrift son, Pan Am used up its fund of goodwill until, as customers deserted, it was forced to seek a buyer. It fell to Delta Air Lines, one of the big three US carriers, after an agreement with creditors in August. Now, after the hand-over of its East coast shuttle and the prized European routes, the famous blue and white logo is vanishing from the skies.

Technically, the airline survives. Subject to the result of further court hearings next month, a "reorganised" Pan Am, 45 per cent owned by Delta, will run the Latin American routes from Miami. But the airline will be a shadow of its once-pioneering self. After it abandons the Pan Am building in New York's Park Avenue (sold to an insurance company) nothing will remain of the glory days. Every corporate casualty has its melancholy edge, but as those chanting teenagers seemed to know, Pan Am is in a class apart. This is not just a bundle of assets, a big employer, or a technological innovator. It is a world-famous company which for six decades has reflected changes in society and politics and a revolution in technology.

Its name still conjures the era of flying-boats, Martinis at 20,000 feet and cosseted luxury most could only envy. But it also recalls the Lockerbie bombing, and the misuse of monopoly power. Perhaps all history has something to do with the erosion of privilege. If so, Pan Am – like Louis XVI – got lost along the way.

Pan Am's story, in the best corporate tradition, centres on one man, Juan Trippe, who started building the company when he was in his twenties and who died, aged 82, in 1981. His Hispanic-sounding name is misleading: Trippe was the Yale-educated son of a Wall Street investment banker; his mother's family, the Terrys, were wealthy and traced their US ancestry back to the 1660s.

He was marked out by well-bred, if introverted, determination rather than academic brilliance or social charm. He earned the nickname "Mummy" at Yale and in 1941 a *Life* magazine profile noted: "As an only son, Trippe grew up in some awe of the sound of his own voice and is still given to expressing himself in such phrases as 'Gee!' and 'Oh Gosh!,' accompanied by timid head-waggings."

Anne Morrow – who flew with her husband, the US aviator Charles Lindbergh, Juan Trippe, and Betty Stettinus, his wife, through Venezuela and Columbia in 1929 – offered other insights. The Trippes had "a wonderful sense of humour" but she thought Juan "prissy". He even carried clean sheets for his own and his wife's beds each night.

Trippe's enthusiasm for aviation was never in question. He learnt to fly in the US Navy during the First World War – without seeing combat – and later ran the Yale flying club. When he graduated, surplus war aircraft were plentiful, and for just $500 he bought seven single-engined bi-planes in an auction. With this tiny fleet, he formed Long Island Airways, which flew wealthy Manhattanites to the Hamptons, Newport or the seaside resort of Atlantic City. LIA lasted two years – by which time its planes were either wrecked or sold to their pilots.

After a series of less happy ventures, Trippe formed the high-sounding Aviation Corporation of America, in 1927. By then attention was centred on the mail contracts being auctioned by the US Post Office. Through a series of slightly unethical manoeuvres, Trippe merged ACA with Pan American Airways, which had been formed in 1925 by four army officers. It had one significant asset: the prized Key West-Havana mail route.

Even so, at the 11th hour, this future aviation legend was almost stillborn. The Post Office had required Pan American to show that it could fly a regular schedule on the route by October 19 1927. But although the Fokker F VII aircraft ordered by Trippe had arrived at Miami, torrential rain prevented them from landing in Key West. By chance a single-engine floatplane belonging to another embryonic airline was in Miami, leaking oil and waiting for news about a reported hurricane. Its pilot, Cy Caldwell, was offered $145.50 to fly seven sacks of mail to Havana. He said yes, the hurricane never came, and Pan Am was in business.

Trippe worked furiously for the next decade, tying up air rights and mail contracts in Latin America, absorbing competitors, attacking trans-oceanic routes and employing Lindbergh as technical consultant. His ambition was clear. "We never forgot that flying the Caribbean was a step towards flying the Atlantic and Pacific," Lindbergh recalled later.

As early as 1930 Trippe had agreed with Britain's Imperial Airways and Aeropostale of France to carve up the trans-Atlantic mail traffic between them. But implementing such a scheme proved difficult as countries battled to keep in the international air race and intermediary landing rights were blocked.

So Trippe turned to the Pacific. To enable Pan Am's flying boats to hop across to China an additional staging post was needed besides Hawaii, Midway Island and Guam. Trippe remembered reading about Wake – a tiny, unmapped island – while browsing through old sea-logs in New York's Public Library. It enabled him to complete the chain. The development of Wake showed Trippe's determination and political skills. In 1934, the island had been deserted and unadministered. Yet by November 1935 and under the control of a former fairground stunt aviator, Pan Am's China Clipper flew the first trans-Pacific airmail service, from San Francisco to Manila. In one year Trippe had persuaded Roosevelt to assign Wake to Navy command, sent engineers to survey the site, blasted out coral to make flying boat bases, and installed radio facilities.

Even in these halcyon days, however, the seeds of Pan Am's downfall were being sown. By 1937 – while Trippe was trying to tie up another "exclusive" deal with Imperial Airways on the trans-Atlantic front – his power was attracting criticism in Washington. "Pan American has successfully wound up official Washington on its little finger . . . It is now about to establish one of the most flagrant monopolies the government has ever had grow up under its nose," stormed one memo to Joe Kennedy, then chairman of the Maritime Commission. Trippe also faced problems in his boardroom. Relentless expansion had weakened the company financially, and for ten months in 1939 Trippe was ousted as chief executive. He sat out this period, attending management meetings in silence, working up the Trans-Atlantic service and mending his political fences. He was rapidly recalled.

The timing of Pan Am's turning point is debatable, but certainly the Second World War greatly changed air travel, even if the full implications were not felt for decades. About half the airline's capacity was transformed for military use, and Pan Am essentially became a government contractor. Trippe demanded contracts and was paid for such business, but it was not hugely profitable.

More significantly, the military – in particular, General Arnold, the Air Corps Chief of Staff – realised the dangers of having only one significant international carrier, particularly one controlled by a canny despot. In 1943, Arnold told a secret Washington meeting of 17 domestic carriers plus Pan Am to ensure free competition worldwide after the war.

Trippe did not give in without a fight. First, he floated the notion of the "Community Company," an ingenious scheme to consolidate the three main international operators – Pan Am, Panagra (owned jointly by Pan Am and W. R. Grace), and American Export. The resulting business would be owned jointly by these three airlines and by the rest of the transportation industry. Trippe's idea was debated in the Senate Commerce Committee but was narrowly defeated. The previous day American Airlines, by then the largest domestic carrier, had been allowed to take over American Export and trans-Atlantic routes had been awarded to TWA, breaking Pan Am's monopoly.

Still Trippe battled on. He insisted that, if he were to face international competition, Pan Am should be given routes linking its coastal terminal cities. This, too, became a long political struggle. By the late-1940s it had largely been lost.

Pan Am did not wither immediately.In the 1950s, the airline renewed its vigour by pioneering the introduction of jet aircraft. Trippe bullied his suppliers for planes he wanted, and placed orders for 25 Douglas DC-8s and 20 Boeing 707s in October 1955. The potential cost was $270m; 26 times Pan Am's profits for the previous year. But the jets were a financial success, and by 1963 Pan Am's profits had trebled to $33.6m.

Once again, the airline became a symbol of luxury and high-living. Passengers ate caviar and paté and Maxims oversaw some of the catering. Stewardesses wore white gloves, seamed stockings and bowler or pill-box hats. And in 1956 it served 111 international cities while TWA flew to only 26.

Gradually, the carrier's tentacles spread. A hotel chain, the Intercontinental, was built up. The airline ran a fleet of business jets. It moved to the new Pan Am Building. When Trippe asked for his company's name in letters 30 ft high, (compromised on 15 ft), it was perhaps inevitable that he would over-reach himself. In 1966, he placed a $550m order for 25 of the huge new Boeing 747 "jumbo" jets. Two years later, aged 68, with the airline committed to huge payments for this fleet, he retired.

For his successor, Harold Gray, a former pilot, Trippe's timing could not have been more cruel. International traffic growth stagnated as the world lurched towards recession; Trippe's legacy in Washington hung heavy, as did the debts on the 747s, a new Kennedy airport building, and other expansion moves. Sick with cancer, Gray left a year and a half later.

Pan Am plunged into loss. Gray's successor, the urbane Najeeb Halaby, did more to alter executive names than the fundamentals of the balance sheet. In 1972, he too departed. That put William Seawell, a bomber pilot who had graduated from West Point military academy as well as Harvard Law School, in the hot seat. In contrast to his predecessors, Seawell did take an axe to the business and posted a small profit in 1977. But, aware of Pan Am's lack of domestic route structure, he also made the final blunder, acquiring National Airlines for $432m.

There have been many bad airline deals, but this is judged to be among the worst. First, too many of National's routes ran north to south: Pan Am really needed an east to west system. Second, the two carriers operated different aircraft, and mechanical and labour-related problems ensued. Third, the application for the merger occurred two months before the US Airline Deregulation Act, implemented in 1978, which liberalised ticket pricing and attracted low-cost competitors into the US industry.

It took Pan Am 16 months to get the National deal through. By the time it did, not only had National's price risen but the competitive climate – at home and in terms of international flights – had intensified greatly.

And so the slow descent towards bankruptcy began. For ten years, the airline "cannibalised" itself, selling first the peripheral assets and then the core business, such as its international routes. Even then the airline's former status as *the* international carrier came back to haunt it – making it a target for terrorism.

In the end, much of what made Pan Am succeed made it fail. The very skill with which Trippe amassed his international network, exploiting his monopoly power to push the airline forward, laid the groundwork for a competitive backlash. His drive for bigger and better aircraft, once an asset, compounded the problems.

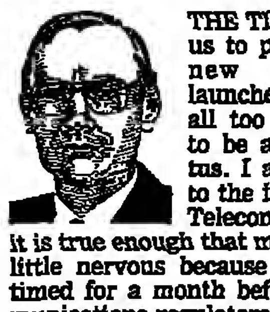
In other countries and other industries, it might have mattered less. But airlines, whose raw economies drive them towards size and monopoly with particular force, are doubly-political – first as a high-profile consumer service, and second as a military concern. And, given the strength of the "free market" lobby in the US, it is inevitable that any monopoly – even an oligopoly – will come under pressure.

At Pan Am itself, the ironies continued to the end. When Trippe made the first sweep through Latin America in the late 1920s, one of his deals involved buying some Peruvian air rights from a Southern crop spraying business known as Huff-Daland Dusters. Today, the successor to that company still holds its annual meeting in Monroe, Louisiana, largely for sentiment's sake. It is now called Delta Air Lines.

CONTENTS

The Long View/**Barry Riley**

Debt and destiny



THE TIME has come for us to prepare for a big new issue being launched on what could all too easily turn out to be a dodgy prospectus. I am not referring to the imminent British Telecom sale, although it is true enough that many people are a little nervous because the flotation is timed for a month before the telecommunications regulators at Oftel are due to deliver a possibly price-sensitive report on the unpopular monopoly. At least equities are supposed to be risk investments, and small investors are to be bribed with various discounts which should be enough to take the worst of the sting out of whatever Sir Bryan Carsberg may have to say in January.

Rather, it is time to note the beginning of the gilt-edged avalanche. Next Thursday, the Bank of England is to auction £1.5bn of 20-year British government stock, probably at a yield of about 9.5 per cent judging by existing market conditions.

As the public sector moves more heavily into deficit, the flood of bonds will intensify. According to Salomon Brothers, there are likely to be gilt issues of £60bn gross and £45bn net of redemptions over the next two years in aggregate, which will mean that the value of gilts in issue will have risen by 55 per cent between March 1991 and March 1994.

These are not especially intimidating figures, because the UK starts from a point at which the National Debt is unusually small – only 27 per cent of GDP last March – and other countries, Germany not least among them, are borrowing much more heavily in proportion.

Moreover, gilt-edged buyers get a yield premium of anything up to 1.5 percentage points over what the German government pays, depending on the maturity dates of the various bonds. But with the currency markets beginning to be seriously nervous about sterling, which is now propping up the rest of the European Monetary System, the gilt-edged market is becoming a more sensitive place than it has been for a number of years.

The pompous parliamentarians who debated Europe this week might have considered the extent to which their high-flown attitudes to political and economic sovereignty might be influenced by the simple need to keep the creditors happy. It is not so easy to have strong principles if you have a weak currency.

If sterling stays glued to the D-mark, gilts will turn out to be cheap at the price. Holders will make significant capital profits as the yield differential disappears gradually over the next few years. On the other hand, the history books are not too encouraging.

During the past 20 years, for almost all of which sterling was floating freely, the pound drifted from DM8¼ to under DM3, a rate of depreciation averaging more than 5 per cent a year. That is an approximation to the normal inflation gap between the two countries.

Right now, of course, that gap has almost disappeared. But this partly reflects statistical distortions on both sides and also the stark contrast in economic circumstances, with Germany booming and the UK locked in recession (with this week's third-quarter GDP figures giving little encouragement). Moreover, the traditional differences in strategy are now in evidence. Germany tends to appreciate its way out of trouble, whereas the UK has always preferred depreciation. Although sterling rose late in the 1970s when North Sea oil was coming on stream, it was by geological accident rather than political design.

That yield gap of 150 basis points (which is how they describe 1.5 per cent in the bond market) represents a guess at sterling's prospects, within a range of 500 points on the one side, if sterling were floating freely, to zero on the other if there were monetary union. The gap for French bonds, for comparison, is just 50 basis points.

The UK has to pay a penalty for refusing to position sterling with a narrow currency fluctuation band. The political controversy in Britain about monetary union also has the effect of hoisting a longer-term question mark over the currency. Many British politicians wish to cling to their right to devalue, but it is not a posture that can go down well with foreign creditors.

When the UK plugged into the exchange rate mechanism just over a year ago, there was much talk of honeymoons and golden scenarios and, indeed, it all worked quite well as the British economy plunged into recession and inflation tumbled. It will be much harder to hold the currency steady during a recovery. There is a real possibility that interest rates will have to rise ahead of the general election.

Economically, one of the most worrying statistics at present is that average earnings in slump-time Britain are still rising at almost 8 per cent year-on-year. This is the same level that, in overheated Germany, is causing near-panic at the Bundesbank. If earnings in the UK do not slow down quite sharply over the coming winter, the incoming government will realise that maintaining the exchange rate must lead to further sharp rises in unemployment.

That government might, of course, have a tiny majority or be at the mercy of a hung parliament. Arguably, an administration looking for an opportunity to bolt for the polls at any moment might be more, rather than less, inclined to take a tough line than one looking for cheap economic fuel for a four- or five-year run. But international bond fund managers would rather not have to make such delicate political calculations while the gilt-edged printing presses reach maximum output.

Stock exchange rules do not yet require that gilt-edged prospectuses should contain details of the names of the directors, the strategy of the board and forecasts of the results; the higher standards of the British Telecom offer documents do not apply. All the same, the domestic and international investors who are going to be asked to put up £60bn over the next two years will want some reassurance. Otherwise, it will not only be small punters in BT who will need to be bribed with discounts.

London Markets

Complacency comes before a fall

SMUGNESS, the real *vice anglais*, got the better of the London markets this week. There was an unmistakable note of self-satisfaction in the UK stock market's response to the sharp fall in Wall Street last Friday. London stocks were marked down sharply on Monday, but the FT-SE index closed the day at 2502.9, down 43.7 points or 1.7 per cent, noticeably less than the Dow's 4 per cent drop on Friday.

By the end of the week, though, London had joined Wall Street in disarray. Down went equities, gilts and sterling; up went short-term interest rates. The FT-SE closed on Friday at 2446.3, down 100.3 on the week. The long gilt was yielding 9.4 per cent by Friday's close, up 0.3 percentage points in a week, a big move. Sterling was trading at DM 2.85, down two pfennigs on the day and five on the week, a drop of 1¼ per cent. And 3-month interest rates, at 10¼ per cent not so long ago, were touching 10¾ per cent.

Friday morning's rash of brokers' circulars, which had mostly stressed the I'm All Right Jack theme of the previous few days, were already looking out of date, in tone if not in substance.

At the heart of the market's worries lay an intertwined set of misgivings: about the UK economy's recovery from recession; about the political outlook; about Britain's role in Europe; about the chances of an interest rate rise; and, of course, about the possibility of a further drop on Wall Street.

These concerns have each received a fresh dollop of support in recent days. On Tuesday, the latest quarterly gnp numbers showed that – North Sea oil apart – the UK economy was still shrinking in the three months to September.

Anecdotal evidence abounded that any pickup since then had been weak, at best. In the High Street, the "Everything on Sale" signs continued to proliferate. Over lunch, a senior banker reported that, after an improvement in September, the rate at which client businesses were getting into trouble had worsened again in October. More scientifically, retail sales for October were down 0.5 per cent in volume, bank and building society lending was slow last month, and Friday's trade and current account figures provided no sign of the economy lifting off.

Political worries revolve around the possibility of a Labour victory or hung parliament after next year's election. This week's continued Conservative wrangling over Europe gave those concerns a fresh lease of life.

The parliamentary debate over the twin EC negotiations – on economic and monetary union, and on political union – highlighted the way in which the economy was moving into an uncertain future. If at the Maastricht summit the UK were to concede some greater element of community control over social and employment matters, for example, the 1980s' assumptions about UK labour costs would need to be rewritten.

The debate about Emu emphasised the way in which Britain's ERM membership had already imposed constraints on macro-economic policy. Just before the debate, France raised short-term interest rates a half of a percentage point, undoing a failed attempt to edge closer to German rates. The pound weakened on the news, and continued to fall for the rest of the week.

Conspiracy theorists in London saw the French move as a way of signalling to British politicians the limits of financial independence. A more plausible reading, however, has the lesson being learnt on both sides of the Channel: the French move came in advance of a Thursday Bundesbank meeting at which it seemed possible that German rates might themselves move upwards. In the event, German rates stayed down, for now. But hopes that other European countries might achieve interest rate "crossover" – that is, dip below German rates at least for the period during which their inflation rates were below the German level – seemed suddenly illusory.

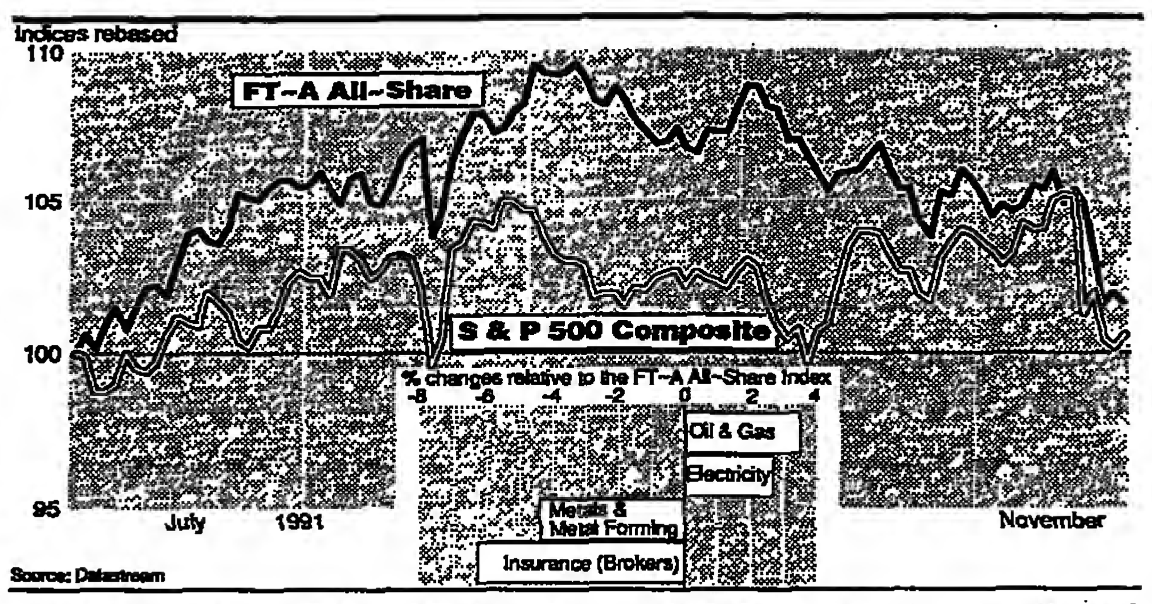
French and British finance ministers were not the only people receiving a warning against complacency. At the beginning of the week BTR was apparently coasting home in its hostile bid for Hawker Siddeley. Indeed, the closing date for the bid, originally set for next week, had been moved forward to this Friday in order to give BTR's management hit squad a better chance to start work on their new acquisition before Christmas.

On Thursday evening however, with the bid due to close at 1pm the next day and another 17 per cent of acceptances needed to win, a note of tension was starting to edge into the voices of BTR's advisers. The stock market picked up the vibrations, and started selling Hawker shares heavily after the offer closed. In the end, however, BTR prevailed, buying or receiving acceptances for over 70 per cent of Hawker Siddeley's shares.

Another corporate story of the week contained the threat of a banana-skin. The belief that Maxwell Communication Corporation had won a breathing space from the banks while Robert Maxwell's heirs sorted out the company's affairs was threatened by the revelation that collateral pledged to Swiss Bank Corporation on a £55m loan was never delivered. The story was a tangled one, but it revived fears of a bankers' scramble for collateral.

It also revived the thought that the Maxwell brothers might be forced to sell the family's controlling stake in Mirror Group Newspapers. MGN shares rose sharply, closing the week at 125p up 7p, having caught up with their flotation price for the first time; MCC shares dropped 44 per cent from their already low levels, to close at 36p, down 28p. A bank meeting on Monday will give the next clue to the group's future. The Maxwells, at least, can claim to be operating in a complacency-free zone.

Peter Martin



Source: Datastream

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1991 High	1991 Low	
FT-SE 100 Index	2446.3	-100.3	679.8	2054.8	Reaction to Wall Street
ASDA	37½	-5½	123	32	Hoare cuts forecast/price war
Argos	294	-25	339	239	Cuts prices by 10%
Argyll	259	-18	315	234⅞	Price war/int figs Tuesday
BAA	489	+35	491	326	CAA formula change
British Telecom	344½	-19½	423½	268	Market slide/share sale next month
Glaxo	784	-61	873	400	Removed from analyst's buy list
Lep	11	-7	167	7	Profits warning
London Intl.	286	-17½	309	190	Results at low end of expectations
Maxwell Comm	36	-28	241	33	Fears for future of group
Midland & Scot. Res.	27	-32	140	27	Trafalgar House row
Mirror Group News	125	+7	130	77½	Bid speculation
Psion	146	+50	147	40	Good response to new product
Steetley	290	-33	424	257	Bid hopes fade
Sun Alliance	304	-25	408	297	Concern over mortgage indemnity

Serious Money

The lure of high yields

By Philip Coggan, Personal Finance Editor

PRIVATE investors should take heed of a significant event which passed, almost unremarked, this week. The yield on the FT-A All-Share went back over 5 per cent.

I admit that one would not expect rejoicing on the streets of Kidderminster at this news, nor even a special report on *News at Ten*. But for those interested in investing in shares, it is important. It means that the income return on shares has moved above the long-term average.

Why does this matter? Remember that the yield has an inverse relationship to share prices; that is, as the yield rises, prices fall and as the yield falls, prices rise. Buying shares when yields are historically high, therefore gives investors a better prospect of a subsequent rise in prices.

Figures from M & G show that there were 30 years between 1919 and 1989 when the yield on the All-share was 5 per cent or more at year end. *In every single case*, there was a positive real (after inflation) rate of return on equities over the following five years.

In contrast, there were 12 years when the dividend yield at December 31 was 4 per cent or under. Following 10 of those 12 years, the rate of return on equities was *negative* over the next 5 years in real terms.

The average five-year real rate of return, following years in which the dividend yield was over 5 per cent, was 14 per cent per annum.

That figure is based on an equity index, which few private investors might match, and it does not allow for tax. But it still offers a lot of comfort margin over the 4.5 per cent real return offered by index-linked national savings, which might be regarded as the base risk-free investment for private investors.

Even more striking is the fact that the dividend yield is now higher than the rate of inflation. That has only happened very rarely in the last 20 years, and then for very brief periods.

In the past, the normal pattern has been for inflation to rise and eliminate the differential. As I argued last week, inflation may very well rise again in the mid-1990s but the immediate outlook is for subdued price rises. So there is a chance that the reverse process could occur; equity yields could fall (and share prices therefore rise) to below the current rate of inflation.

Admittedly, the headline rate of inflation (3.7 per cent) is below several other core measures. If one excludes mortgage payments, for example, the rate is still 5.5 per cent. But the rise in manufacturing output prices,

> *For those who think long-term, is it a good time to invest?*

seen as one key measure of "core" inflation is only an annual 4.2 per cent, below the equity dividend yield.

What about other measures of share value? The so-called "yield ratio" is also an important indicator. This is the relationship between the return received on investing in gilts and that on equities.

Institutional investors essentially have a choice between putting their money in these two types of asset. Gilts normally yield more than shares because equity investors are willing to accept a lower return in the short term since they expect to receive both dividend and capital growth. In addition, gilts are highly vulnerable to inflation.

If the yield ratio rises far enough, then the return on gilts will become so attractive that investors will ignore the inflation risk and switch money from equities. If the ratio falls far enough, then investors will switch from gilts to equities.

The current ratio is 1.93, well below the average for the 1976-91 period of 2.31, and only a little way above the low of 1.78.

So on that basis too, shares look cheap in historical terms. The price-earnings ratio, the relationship of profits to share prices is on the surface slightly less promising.

The current p/e on the FT-A 500 index is over 14, compared with a historical average of around 11. However, that ratio is based on 1991 earnings which have been hit by the recession. As the economy recovers, so profits will rise and the prospective p/e ratio is therefore likely to be considerably lower.

It is vital to remember, however, that these arguments are long term in nature. The weakness of the pound may cause the government to increase interest rates and that would push share prices down in the short term.

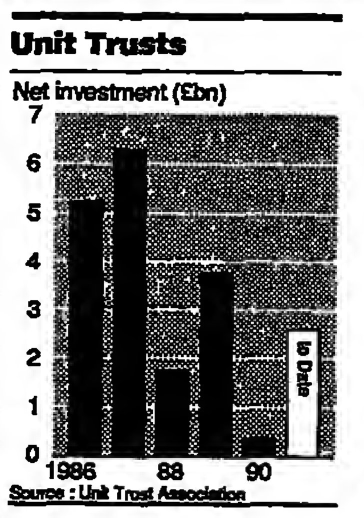
But that might not happen, and it is very hard to pick the absolute bottom of the stock market. Certainly investing looks a lot more attractive than it did six or eight months ago, when the markets were over-optimistic about the speed of recovery from recession. The FT-SE 100 index has fallen 9 per cent from its all-time high in the summer, and investors have been able to earn a decent real return on cash deposits in the meantime.

One needs to be careful about the type of shares you buy, as Paul Woolley argues on the opposite page. Brand names look expensive; the best way of buying into the value stocks he mentions is probably via a recovery fund.

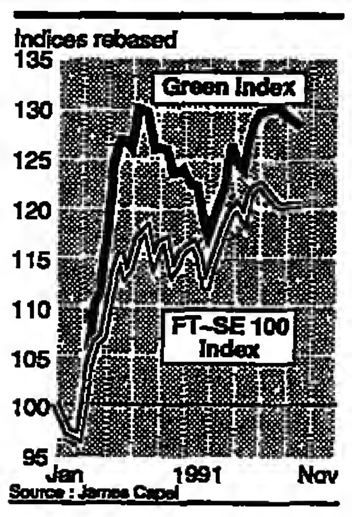
Do not be tempted to indulge in some wild speculative flurry on a penny stock; the chances are high that you will lose the lot. But if you do have genuinely long-term (five years) savings to invest, then this could be a good time to put it into a unit or investment trust concentrating on the UK stock market.

AT A GLANCE

Unit Trusts



Source: Unit Trust Association



Source: James Capel

Unit trust sales hold steady

Unit trust sales continue at modest levels, without looking like regaining the boom figures of 1986 and 1987. Net sales for October were £122.5m, down on the previous three months, but the 13th consecutive positive month. The number of unitholder accounts – at 4.49m – has fallen steadily over the year and is well below the 5m-plus reached in 1987.

'Green' shares on the up

"Green" shares have rebounded this year, after a disappointing time in 1990. The James Capel Green Index, which comprises 30 stocks, rose 28 per cent between January 1 and October 18, compared with a 20.4 per cent rise in the FT-SE 100 Index. But James Capel says, in the third edition of its Green book, that the average green share is still trading at a slight discount to the market.

Low-cost mortgage offers

Cheltenham & Gloucester Building Society has launched a new five year fixed-rate mortgage at 10.65 per cent (APR 11.8 per cent). The offer is available on C&G interest-only mortgages and remortgages for up to 80 per cent of valuation. There are no insurance obligations attached to the mortgage and it is fully portable if the customer moves during the five year period. There is a non-refundable £250 application fee and an £80 valuation charge.
Meanwhile, Bradford & Bingley has extended the deadline on its offer of a two year fixed-rate mortgage at 6.99 per cent on its stock of repossessed properties. Completions must now take place by March 30 1992 rather than December 31 this year.

Fidelity funds launch

Fidelity has launched a range of international money market funds covering 13 different currencies, along the lines of the successful N M Rothschild range of Old Court funds. As the funds are Bermuda-registered, they can pay interest gross, unlike Fidelity's UK-based cash unit trust. There is no minimum investment and no entry charge, but there is a 1 per cent annual management fee.

'Convertible' unit trust

A new unit trust launched this week by Birmingham-based stockbroker Albert E Sharp will invest in Eurobonds and convertible stocks. The aim is to produce a gross yield of 7 per cent and get some modest capital growth from the convertibles, which will make up 60 per cent of the portfolio. The minimum investment in the AES International Bond and Convertible Trust is around £1,000. The initial charge is 5 per cent (1 per cent off the £1.05 offer price during the first week) and the annual charge 1 per cent.

Smaller companies decline

Small company share prices suffered, along with most other stocks this week. The Hoare Govett Smaller Companies Index (capital gains version) fell 2.1 per cent to 1234.80 in the week to November 21. The County Small Companies Index fell 1.5 per cent to 994.87 over the eight days to November 21.

Wall Street

Watch my lips – then panic

ALTHOUGH this Tuesday's decline in the Dow was nothing like as severe as Friday the 15th's 120-point plunge, it probably revealed more about the stock market's state of mind than the previous week's headline-hogging crash.

Eight days ago there were at least plenty of short-term reasons why investors should sell equities: the credit card interest rate cap fiasco; rumours of political crisis in the Russian republic; a dreadful US consumer confidence report; a messy futures and options expiration day; bad corporate news.

On Tuesday, the market had had three days to get over Friday's calamities, yet the Dow still dropped through 2,900. Only a late rally restricted the losses to 41 points. The damage to the market's nerves and self confidence, however, was greater than the points-loss indicated.

If Friday's big decline was the result of a welcome dose of economic reality – stocks had been bought all year in anticipation of a solid economic recovery, so when that failed to materialise it made sense to give back some of those gains – then Tuesday's smaller decline resulted from an equally overdue dose of political reality.

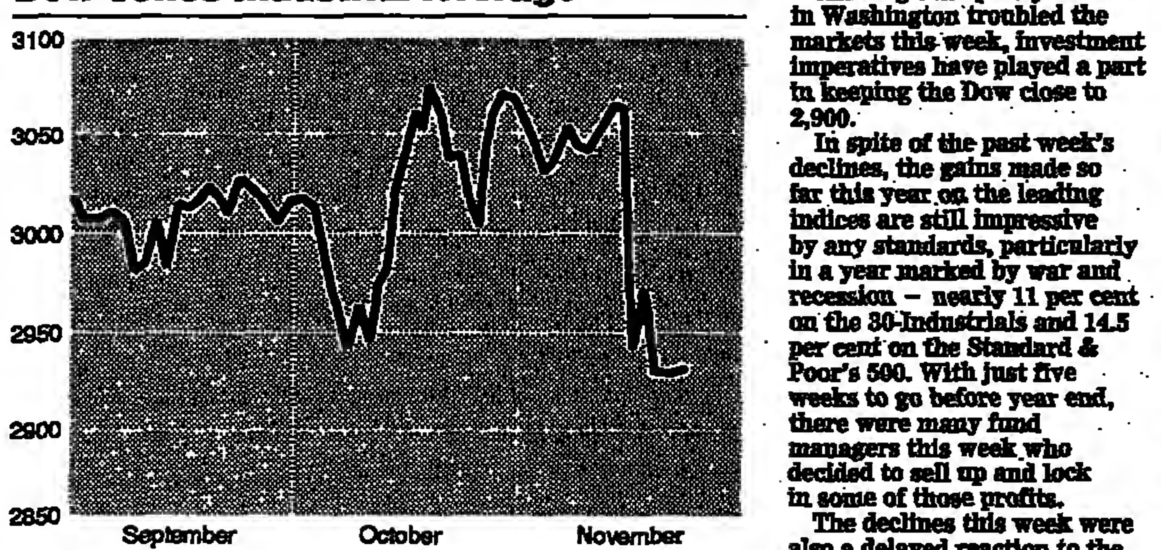
Put simply, this week the market woke up to the fact that the politicians in Washington do not have any answers to the country's economic problems.

The near-panic selling that took 77 points off the Dow by mid-afternoon on Tuesday could in part be traced to comments from President Bush that concern about the economy was a public relations issue, rather than a problem of policy. An insouciant Bush said that nothing would be done to help the economy until next year.

The lack of confidence in the Bush administration's ability to manage the economy is now so bad that rumours of growth-oriented initiatives under consideration at the White House can be enough to scare financial markets.

On Thursday, bond prices nosedived and the stock market wobbled on a report that the President's Economic Policy Council had discussed the introduction of a tax credit for purchases of American-built cars as a way to help spur economic growth.

Dow Jones Industrial Average



On the same day, confusion over where Bush stood on affirmative action and job quotas almost wrecked the signing ceremony of a new Civil Rights bill.

While all this may seem divorced from the fundamentals that move stock markets the public disarray among policy-makers in the White House and the absence of economic leadership from the President and Congress is persuading investors that now may not be the best time to put more money into equities. And with a presidential election less than a year away, the influence of politics on the stock market can only grow more powerful as each month passes.

Although the policy vacuum in Washington troubled the markets this week, investment imperatives have played a part in keeping the Dow close to 2,900.

In spite of the past week's declines, the gains made so far this year on the leading indices are still impressive by any standards, particularly in a year marked by war and recession – nearly 11 per cent on the 30-Industrials and 14.5 per cent on the Standard & Poor's 500. With just five weeks to go before year end, there were many fund managers this week who decided to sell up and lock in some of those profits.

The declines this week were also a delayed reaction to the 120-point drop the previous week. The specialists who make markets in equities on the New York Stock Exchange and the dealers in Wall Street's trading rooms were the reluctant buyers of much of the stock sold that day. The heavy selling seen on Tuesday, therefore, could be partly attributed to the specialists and dealers lowering prices in search of buyers for unwanted stock.

That buyers were found when the Dow fell through 2,900 suggests that the market has established a new floor near that level.

Yet the index's resilience this week at or above 2,900 owed something to one stock – Merck. The Dow held its own on Thursday after shares in the drugs group jumped to a new high of $145 on reports that Merck's anti-cholesterol Lovastatin had been shown to be effective in shrinking the fatty deposits that lead to heart attacks.

Without Merck's stellar performance on Thursday, the Dow would have registered a 14-point decline, instead of a one-point decline.

This confirmed what has been evident for most of the year – that Merck, not IBM, is now the market's bellwether stock.

Not convinced? Consider this: in the first nine months of 1991, Merck was the biggest single contributor to the Dow's 14.5 per cent increase. Over the same period, IBM lost 15 per cent of its value.

Monday	2972.72	+ 29.52
Tuesday	2931.57	– 41.15
Wednesday	2930.01	– 1.56
Thursday	2932.69	+ 2.68

Patrick Harverson

The Bottom Line

Sir Ernest tries his old demerger trick

SIR ERNEST Harrison, the chairman of Racal Electronics, is up to his old tricks. Faced with Williams Holdings hostile £655m bid, he this week decided to float off the Chubb security division to unlock value for his shareholders.

It is easy to see why the driving force behind Racal for 26 years might consider that a demerger of Chubb would be enough to see off the upstart "accountants and cost cutters" from the conglomerate.

In September, when Vodafone was fully demerged Sir Ernest handed shareholders a FT-SE 100 stock worth more than £3bn. More importantly, in the context of the Williams bid, the Vodafone flotation vindicated Sir Ernest's belief that the two companies would be worth more standing alone than together.

The market immediately valued the post-Vodafone Racal Electronics shares at £650m. Not much more than a year earlier, the same markets implied these businesses had a negative value.

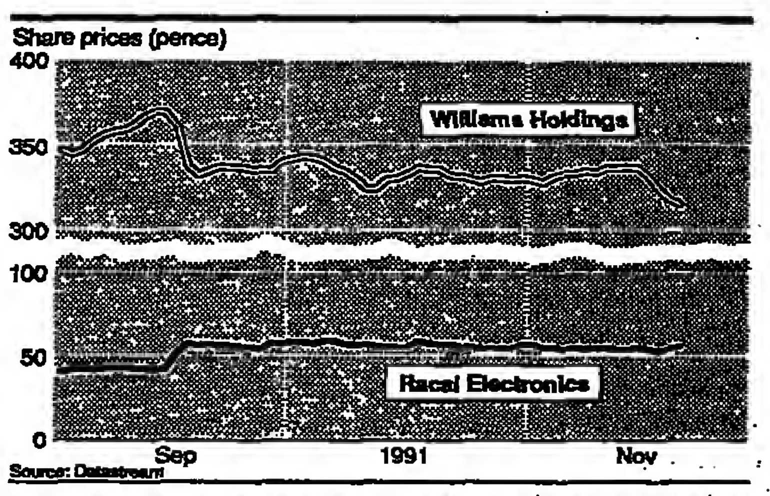
Furthermore, when in 1988 Sir Ernest floated the first 20 per cent of Vodafone, then called Racal Telecom, Racal's shares rose enough to see off an imminent bid, believed to be from Cable & Wireless.

As hostilities resumed this week, it was less certain that Sir Ernest's old demerger trick would again get him off the hook.

For a start, flotation of Chubb will leave Racal shareholders with an indebted company. Sir Ernest says cash flow has been strong enough to reduce debt from the last year-end level of £225m. But as shareholders at Beazer, the construction group being swallowed by Hanson can attest, markets in 1991 have tended not to appreciate the full asset values of companies carrying a lot of debt.

The demerger plan is also one that Sir Ernest shelved in June – after first raising the prospect last November – because Racal's debt was too high. Shareholders may wonder how cash flow could have improved dramatically enough to justify the demerger.

Secondly, Vodafone is very different to Chubb. The rapid growth of the cellular radio telephone market is reflected in the heady multiples of earnings at which companies such as Vodafone trade; Chubb, however, is in a relatively mature market and likely to trade at modest multiples of earnings, similar to the businesses in the post-demerger Racal.



Source: Datastream

It is a point Brian McGowan, Williams chief executive, has leapt on. He cannot understand how splitting Chubb out can raise total value to Racal's shareholders. "Chubb is no Vodafone," he says. "What is left in the rump is a very odd bunch of businesses."

Sir Ernest thinks otherwise. He believes demerging Chubb will also focus attention on restructurings that have helped Racal's other businesses turn the corner.

■ Network Services, which lost £14m at an operating level in the year to March, will be cash generative this year and start up losses will be cut to £1m from £10m last year.

■ At Data Communications, Racal has cut 20 per cent of its staff in 18 months and losses have been "substantially reduced". Last year, losses were £12.1 from 20 per cent of the group's sales of £1.55bn.

■ At Radio Communications, where Racal made £11.4m profits from 9 per cent of group sales last year, sales are forecast to reach the highest level in six years. Operating profits improved by £9.4m in the first half and the order book is 60 per cent up on last year.

■ Marine and Energy, which produced profits of £4.9m continues to perform well, Sir Ernest says, and the Defence and Avionic division has produced operating profits compared to losses of £3m last year.

■ Racal says the security division has identified potential annual profits improvements of £20m which could come through next year. It is one reason why Racal recently rejected a £450m cash offer for Chubb from a trade buyer.

Shareholders will have to wait for Racal to flesh out these tantalising titbits when it publishes interim earnings next month and a profits forecast for the year before the 39th day of the bid.

The Takeover Panel is to meet on Monday to decide when the bid timetable – currently stuck at day 37 – should resume, following the Department of Trade and Industry's approval of the bid conditional on Williams agreeing to sell Chubb's locks and safes businesses.

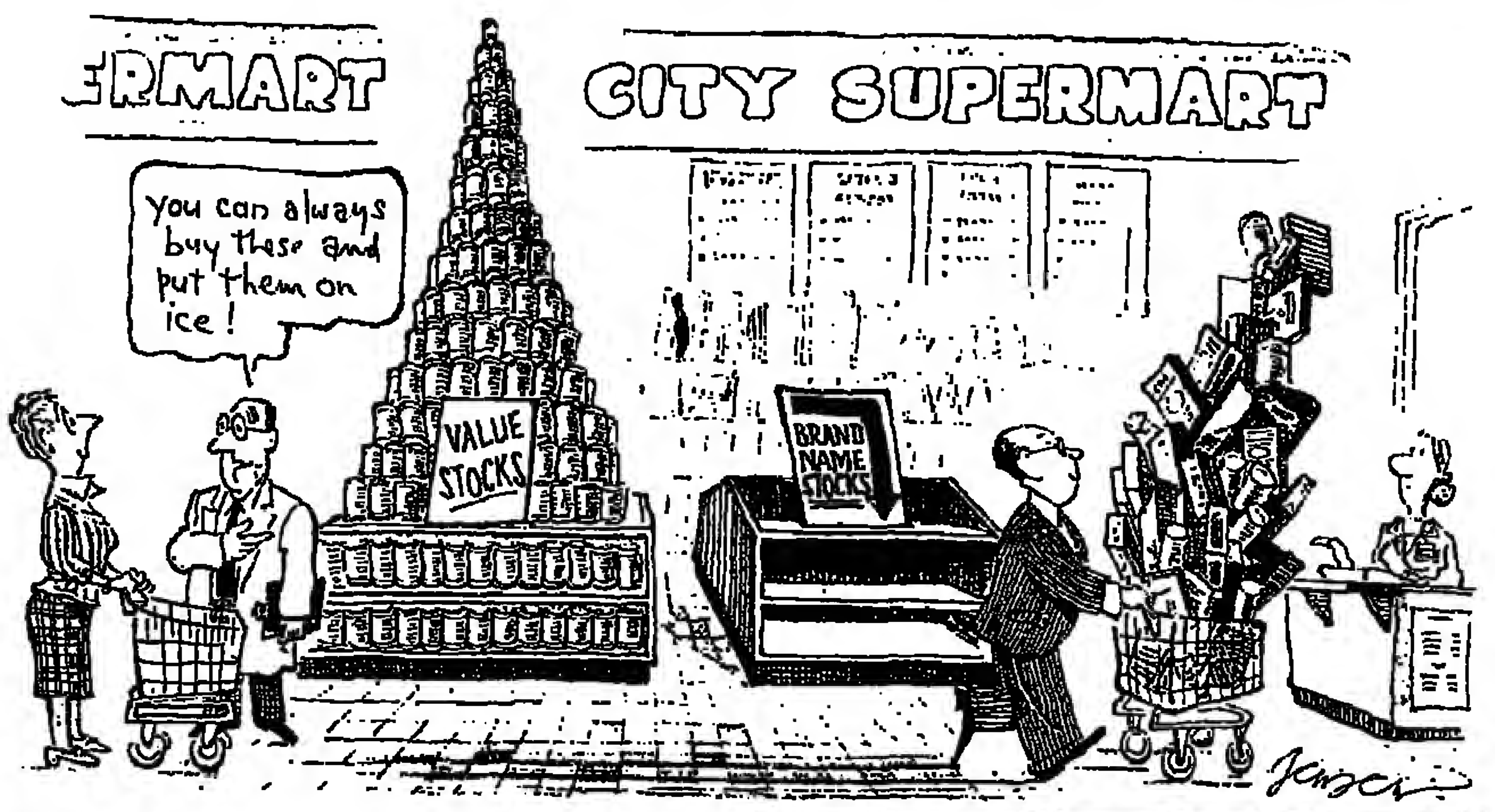
Ultimately, though, Racal's fate rests with shareholders. According to Sir Ernest, the Williams team of "accountants" only knows how to slash costs to improve margins but has no idea how to build businesses; according to McGowan, Sir Ernest's faithful team has only been goaded into taking action by the bid and, with the notable exception of Vodafone, does not have a good record of meeting their promises.

Sir Ernest has a reputation as a great salesman. He may have to pull out all the stops to convince institutional shareholders that they have something to lose by throwing in their lot with Williams or selling in the market.

Richard Gourlay

Beware brand name shares

Paul Woolley believes the stock market overvalues consumer goods



INVESTORS may be paying too much for brand-name shares. It could be time for a substantial shift in the market away from such companies and towards more "cyclical" stocks.

The main feature of the stock market's performance over the past 18 months has been the strength of shares in large consumer, brand-name companies. Some 20 companies have in common a dominant position in making and distributing basic branded goods for the consumer.

These stocks are found principally in four sectors – health and household, food manufacture, food retailing and brewing – and include such companies as Guinness, J. Sainsbury, Glaxo and Reckitt & Coleman.

Brand-name stocks generally outperformed the market in the 1980s but the trend began accelerating last year. From March 1990 to September 1991, the 20 brand-name stocks produced a weighted average return of 48 per cent compared with a return of 23 per cent on the FT-A All-Share index in that period.

Since the group accounts for around a quarter of the UK equity market, it follows that its return has been three times greater than the 15 per cent produced by the rest of the market.

Why this enthusiasm for brand-name stocks? In general, large companies improved their efficiency in the 1980s. Earnings in the consumer sector, in particular, benefited from more effective exploitation of the profit potential of brand names. The phenomenon has been evident world-wide, especially in the US. Earnings of brand-name groups, therefore, grew faster than average in the past decade.

Brand-name stock prices also benefited from the greater internationalisation of investing. US or Japanese funds investing in the UK prefer household names. Investors have also been attracted by the relative earnings stability of these companies, especially in the recession while profits from cyclical industries are seen to be collapsing.

It was not always plain sailing for brand name stocks. The above-average earnings growth in the 1980s contrasted with below-par growth in the 1970s. There are also signs that the recent earnings improvement has been a one-off. Efficient companies with a dominant share of their market must eventually find growth constrained by the rate of increase in consumer spending.

Has the share price performance been justified? One test is to look at a significant indicator of value in equity markets – the ratio of share price to net equity assets per share, or price-to-book. The ratio's significance stems from the relative stability of asset values from one year to the next, in contrast to the ebb and flow of company fortunes.

Second, competition ensures that the return on capital achieved by companies seldom diverges from the industry average for too long. Over the years, therefore, share prices should bear a broadly consistent relationship with the value of equity assets.

The price-to-book ratio for the UK market has averaged just over 1.3 for the past 20 years. It rose to a peak of 2.4 ahead of the 1987 crash and now stands at 2.0.

Brand-name stocks have always been accorded a rating above that for the rest of the market, probably reflecting their earnings stability. However, the premium has risen sharply over the past three years. The price-to-book ratio for brand-name stocks is now close to 4.0, double its long-term average and double that of the entire market. These are vulnerable levels.

The situation is begining to be reminiscent of the US's "Nifty Fifty" era in the 1970s. Share prices of US brand-name stocks were bid up to successively higher levels on the grounds that they had inexhaustible potential for above-average earnings growth.

Commentators then said that you should buy such stocks and never sell them. Expectations proved fanciful, however, and the Nifty Fifty stocks entered a long decline.

A clear indication that something is amiss is the valuation accorded to UK drug companies, which account for 10 per cent of total UK market capitalisation. The bizarre implication is that profits from pills will represent 10 per cent of aggregate corporate profits *ad infinitum*.

Either drug consumption is expected to rise spectacularly or patents confer excessive profits on the producers. However, it might simply be that drug company shares should carry a health warning.

If brand-name stocks are over-valued relative to the market, there should be another group that is correspondingly cheap. And indeed the low price-to-book stocks have fallen to their cheapest valuation basis ever. Unlike the brand-name group, the nature of such stocks varies over time. At present, they are drawn from sectors such as banks, water, retail, building and engineering.

Low price-to-book stocks, commonly termed *value* stocks, have had a bad 18 months, in striking contrast to their normal pattern of beating the rest of the market.

Why do value stocks do well? One reason is that companies with a high return on capital are often unable to sustain it. They encounter more competition, market constraints or just lose momentum.

Conversely, firms with a low return on capital frequently find their fortunes restored through improved management, cyclical upturn or better luck. Studies confirm a marked tendency for the return on capital of individual companies to return, surprisingly quickly, towards an industry mean.

Investors generally fail to allow for this phenomenon. The market, therefore, overrates recently successful companies and undervalues those with low returns, typically the low price-to-book stocks.

A spell of underperformance by value stocks in the early stages of a recession is not unusual. They are often to be found in cyclical industries where profits are more vulnerable. Their balance sheets can also contain higher levels of borrowing than other sectors. Consequently, investors perceive them to be more risky than stocks in the defensive sector and their share prices suffer accordingly.

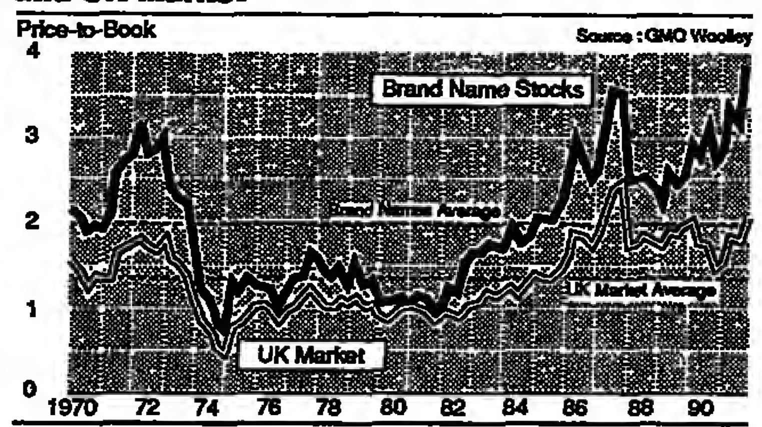
The corollary is that value stocks perform strongly as the economy emerges from recession. Evidence from the US, and earlier UK recessions, indicates the turning point to be around the bottom of the slump. Investors begin to anticipate the recovery of earnings and features that were negative going into the recession become positive. Value stocks resume their outperformance.

The scope for recovery is evident from the 30 per cent of companies on the lowest price-to-book ratio. Their ratio stands at half that of the market average – the lowest rating yet recorded.

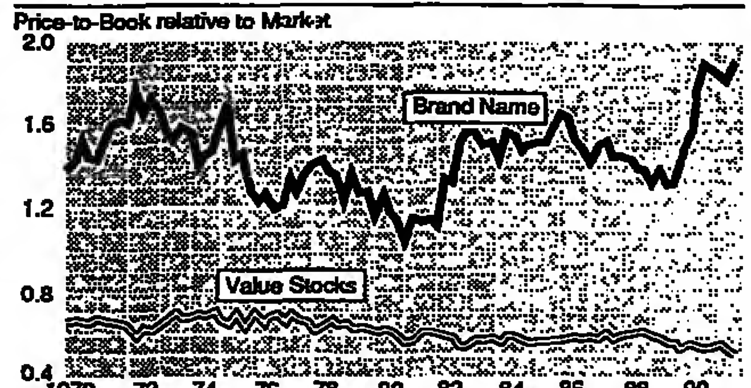
The stock market has exaggerated its response. The length and persistence of the recession has caused investors to pay very high prices for brand-name stocks, and to penalise quite savagely the more cyclical companies. The recession would have to last for several more years to make sense of the present differential in prices. Private investors should take note.

■ *Paul Woolley is managing director of fund manager GMO Woolley.*

Price-to-Book ratio of Brand Name Stocks and UK Market



Price-to-Book of Brand Names and Value Stocks



*20 Brand Names Companies representing 25% of the Market
Value Stocks representing by 30% of companies on lowest Price-to-Book
Source : GMO Woolley

BT bonus for small investors

PRIVATE investors must pay 110p for the first instalment on BT shares, a 15p discount on the price payable by institutional investors, which will be charged 125p.

The full price, paid in three instalments, will be based on the market price for BT shares when the sale takes place and is still unknown.

If you have already registered with the Share Information Office and nominated one of the eight "share shops", you will be given preference on share allocation. About 5.25m people have registered. Those who did not name a share shop – about 1m people – will not gain any preference.

All those who have registered have a number of attractive incentives to hold on to the shares they receive.

The discount on subsequent instalments, if you keep the shares long enough, is worth a further 15p off each instalment, making the total discount for private investors 45p per share. The maximum total discount is around £300, for those with 1,000 shares or more.

You can apply for a share bonus instead. If you keep your shares until the end of December 1994, you receive one free share for every ten held.

Partly paid shares will be entitled to the full dividend for the 1991-1992 financial year. A net interim dividend of 5.7p is payable on, or shortly after, February 28 next year.

This flotation could, according to Francis Maude, a treasury minister, be the largest sale of a government shareholding to date. If the number of shares is increased due to high demand the offer could raise £5.5bn.

The shares are being split 50-50 between institutions and small investors, although the public allotment could be as high as 67 per cent if demand is strong.

The most obvious way to get involved is via a share shop. You do not have to use a share shop you have already named. Dealing rates are as follows:

■ Abbey National. Sales: Rates vary from 0.75 per cent to 0.15 per cent (minimum £13.50). Purchases: Rates from 1.5 per cent to 0.15 per cent (min. £15).
■ Bank of Scotland. Sales: 1 per cent (min. £12.50). Purchases 0.15 per cent to 1.5 per cent (min. £15).
■ Barclays. Sales: 1.5 per cent (min. £12.50). Purchases: 1.5 per cent (min. £12.50).
■ Lloyds. Sales and Purchases: 1.1 per cent (min. £11).
■ Midland. Sales and Purchases: 1.25 per cent (£13)
■ NatWest. Sales and Purchases: 1 per cent (£9.95) by post, 1.5 per cent (£15) at branches.
■ Norwich & Peterborough. All deals: flat rate of £9.95.
■ Sharelink. Sales: 1 per cent (min. £12.50). Purchases: 0.1 per cent to 1 per cent (min. £12.50).

Other providers are also making offers. The Skipton and Leeds building societies are offering a service, for sales only, run by the stockbroker Wise Speke. Skipton is charging a flat £5. Extra family members, up to a maximum of three, can sell for £1 extra, so four family members selling at the same time can do so for £8. Leeds will sell shares for a flat £7.50, if they were bought through Leeds, or for £10 if not.

You do not have to go through the main retail offer. Graham Shore, of Shore Capital Stockbrokers, puts it bluntly: "For anyone who is a half way serious investor, it is not worth applying for the public offer." This is because share allocations to individuals will be so small.

Shore thinks the retail tender route – which allows small investors to apply for shares, through a stockbroker, in the same way as institutions – is more interesting for those wishing to build a serious holding in BT.

The price is higher, but it is the most innovative aspect, so far as small investors are concerned, of this flotation. For the first time, British private shareholders can apply for shares through the institutional offer as well – although you need to find a stockbroker, who then applies on your behalf. Bids must be for a minimum of 2,000 shares and brokers have been told that early and large bids will be treated as "higher quality" and given preference if there is a scaling down. This offers the chance to build up a bigger holding.

Final bids must be submitted by December 6. Dealing starts on December 9.

John Authers

FINANCE AND THE FAMILY

Pru blunders on pension plans

***John Authers** on an accidental case of overfunding*

THE PRUDENTIAL, Britain's biggest investment institution, has accidentally over-funded some personal pension plans and might have to rely on special concessions from the Inland Revenue to avert cuts in the income payable to some of its pensioners.

Under the new rules for personal pensions introduced in 1988, there are set proportions of your income which can be contributed each year into a plan. These proportions rise as contributors grow older.

Those who invest in a pension scheme have a responsibility to give the provider correct information about their income for the year. The provider, according to the Revenue, is responsible for ensuring that schemes are not over-funded – or, in other words, that contributors do not plough-in more money than the law allows.

Prudential made mistakes during the 1988-89 tax year which are coming to light only now. The problems are not widespread: out of 400,000 personal pensions it has identified 58 individuals whose pensions have been over-funded.

Four of these people have retired and are drawing their pensions. Unluckily for the Pru, one of the four is Don Penny, a retired investigative journalist who has previously co-ordinated a consumer campaign following problems with the flotation of shares by Abbey National.

Penny was (perhaps even more unluckily) sent an internal memo which said the Revenue had noticed that excess contributions had been paid into the pension in the 1988-89 tax year. It had set a deadline of 30 days from first contacting Penny to correct the problem. He made a formal complaint, commenting that "all this seems to suggest that something has gone seriously wrong at Prudential."

According to the Revenue, any money which customers have over-funded into a pension must normally be repaid to them by the provider. Tax is then repaid by the provider to the Revenue.

In most cases, over-funding is unintentional and the Revenue says it has happened at other life offices besides the Pru. The Revenue can impose a fine of up to £500 if it identifies a deliberate case.

In this case, the Revenue does not object if the Pru continues to pay its pensioners at the "over-funded" rate they are getting (although this would have to be at the Pru's expense).

The Prudential says it would be prepared to do this, if necessary. A spokesman added: "The pension could have to be reduced but you can provide a refund which, in turn, could be used to provide an annuity."

The Revenue says the rules are "quite clear and straightforward" and providers have known the general principles since 1956.

If you are making heavy contributions to a personal pension plan, having started relatively late in life, there are a number of points to note:

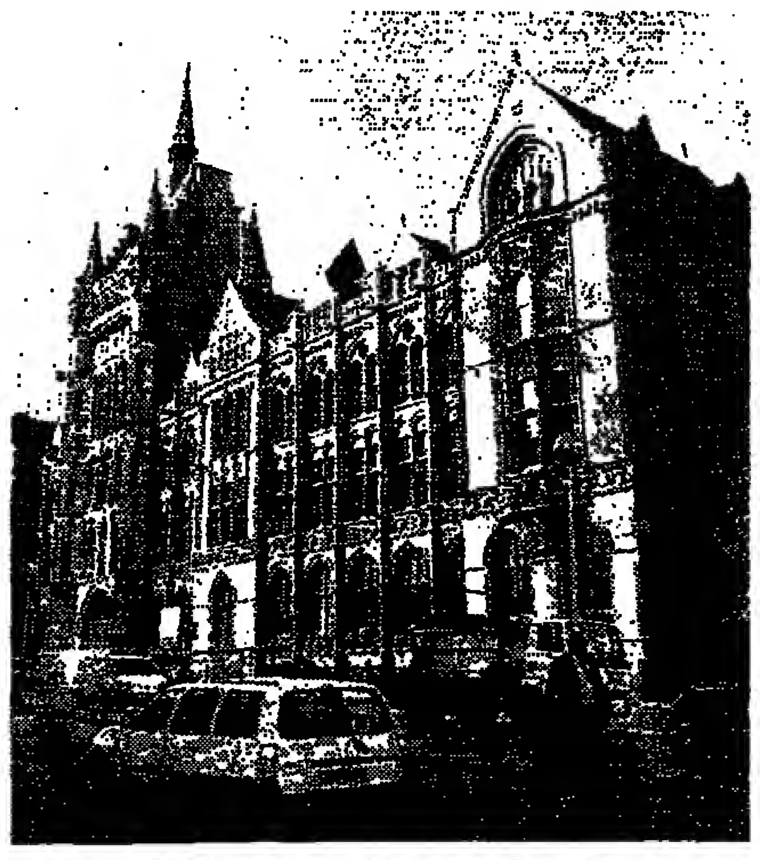
■ You must give correct information about your income to the provider. If you do that, over-funding is the provider's responsibility; if not, it is yours. You must enter details of pension payments on your tax return and the Revenue will check this against the other data.

■ *Take note of the generous proportions of income which* can be ploughed into a pension later in life. Until 35, you can contribute only 17.5 per cent of annual income, but this rises to 20 per cent (ages 36-45), 25 per cent (46-50), 30 per cent (51-55), and 35 per cent (55-60). If you are still not retired between 61 and 74 you can plough-in 40 per cent of annual income. These levels were introduced in April 1989 – previously, the maximum was 27.5 per cent for those aged 61 or more.

■ If over-funding occurs while *you are still paying in to a* pension scheme, you can use the "carry back" provision. Any excess can be counted as being part of last year's contributions, up to last year's maximum.

■ You can also "carry forward" for six years. This allows you to put in a potentially massive share of your earnings, although 40 per cent should normally be more than enough.

These provisions should usually make it quite easy to avoid over-funding before you retire. They are also likely to be sufficient to sort out the Pru's difficulties with Penny's pension.



The Prudential's headquarters in London's Holborn

Valuation service to be improved

PEOPLE who dispose of shares in unquoted companies may be able to obtain quicker valuations to help them assess their capital gains tax liability under some red-tape cutting announced by the Inland Revenue earlier this week.

Groups of taxpayers selling their holdings will now be able to apply directly to the Revenue's Share Valuation Division (SVD) as soon as they have made the disposal. The SVD will calculate a value for the shares from a base date at March 31 1982, and make adjustments for inflation.

The initiative could considerably speed processing of CGT liability. Under the existing system, individuals have had to wait until the end of the tax year before beginning negotiations. At that point, the local tax office made a formal request to the SVD to begin valuing the unquoted shares.

Current procedure has meant delays in some cases of up to two years before a valuation can be agreed. Under the new arrangements, the Revenue hopes to have everything settled at the latest before CGT is due in the December following the end of the tax year.

"This is a very welcome change," says Trevor McDonagh, national tax valuation partner at Coopers & Lybrand Deloitte. "It is something we have been waiting a long time for. Anything that cuts the red tape is good."

The action will apply to shareholders in an unquoted company when they all sell together, typically when a small business is taken over. It will also help the Revenue by spreading the workflow and speeding processing of applications. It will be able to process a group of requests together and give a single treatment to all shareholders selling shares in a company.

However, under the new rules, everyone must sell their shares at the same time, apply as a group and agree to abide by the valuation agreed with the SVD. Individuals who dispose of stakes will have to wait for the formal request from their tax office to the SVD at the end of the tax year.

There is some ambiguity about what will happen if the majority of shareholders sell, leaving one or two who do not. The Revenue must decide whether it will agree to negotiate under the new procedures with the SVD, since the remaining shareholders may sell at a later date and dispute the valuation already given.

Capital gains tax is payable on any increase in the real value of an individual's assets at their marginal tax rate, with an annual exemption of £5,500.

The London-based SVD calculates the value of unquoted shares in negotiation with the taxpayer, by examining factors including the size of shareholding, the performance of the sector, and the company's assets, dividends and earnings.

Andrew Jack

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated					
AmBrit	5½*	6	4	3.61	Pittencrieff
Atlantic Res	2.31	2	2.25	6.11	Conroy Pet
Beazer	110½§§	113	83	311.03	Hanson
Cityvision	48*	46½	25	67.9	Blockbuster UK
Do. 8.5% Cnv Pf	80*	80	56	[illegible]	Blockbuster UK
Geers Gross	35*	34	33½	5.30	Publicis
Hawker Siddeley‡	718§ §§	712	640	1.42bn	BTR
New England Props	17§ §§	17	14	11.31‡	TR Prop Inv Tst.
Racal Elect.	47§	56	51	652.33	Williams Hldgs.
Sun Life Corp	1160*§	1138	1138	316.96♠	Rockleigh Corp.
Telfos	115*	113	63	46.52	Jenbacher
Ultramar	298	338	277	1.115bn	LASMO

*All cash offer. ††Cash alternative. §For capital not already held. ‡Unconditional. **Based on 2.30pm prices 22/11/91. †At suspension. §§Shares and Cash. ♣ For 70.18% not already owned. ♠ For 40.2% not already owned.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Anglo Irish Bank Corp	Sept#	6,520	(6,150)	7.61	(7.22)	3.36	(3.36)
Assoc. British Foods	Sept‡	464,700	(317,400)	68.3	(48.0)	16.7	(11.0)
Barrett (Henry)	Aug	442	(12,500)	0.77	(20.5)	2.6	(5.65)
British Empire	Sept	1,400♣	(1,110♣)	1.05	(0.84)	0.88	(0.78)
Clyde Blowers	Aug	254	(397)	18.0	(27.5)	7.9	(7.9)
Cosalt	Sept	2,470	(3,780)	15.05	(22.71)	10.75	(10.75)
Diploma	Sept	14,500	(19,000)	17.3	(21.4)	11.67	(11.35)
F&C Eurotrust	Sept	826♣	(658♣)	1.51	(1.49)	1.18	(1.12)
Ferry Pickering	Aug	2,260	(2,340)	12.68	(12.25)	6.5	(5.2)
Glasgow Income Tst.	Sept	-	(-)	3.33	(3.46)	3.2	(3.15)
Huntingdon Int'l.	Sept	16,900	(19,000)	14.6	(15.8)	2.775	(-)
Morland & Co.	Sept	5,930	(5,070)	22.7	(20.21)	7.18	(6.46)
Northern Bank	Sept	58,600	(59,300)	-	(-)	-	(-)
Ranks Hovis McDougall	Aug	150,200	(131,000)	29.5	(24.8)	13.36	(12.74)
Shani Group	Jul	1,910	(1,890)	8.9	(9.0)	4.0	(4.0)
Stratagem Group	Aug	1,300	(1,330)	22.0	(22.9)	4.5	(4.0)
Yorkshire Bank	Sept<	107,000	(14,900)	-	(-)	-	(-)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
ACT	Sept	7,650	(5,360)	1.5	(1.25)
Anglian Water	Sept	91,900	(84,800)	6.3	(5.8)
ASB Barnett	Jun	35 L	(78 L)	-	(-)
Associated Farmers	Jun	361 L	(450 L)	-	(-)
BAA	Sept	151,000	(205,000)	5.75	(5.25)
Babcock Int'l.	Sept	23,700	(21,400)	1.25	(1.2)
BAT Industries	Sept†	662,000	(589,000)	-	(-)
BET	Sept	71,500	(137,200)	4.25	(4.26)
Bio-Isolates	Jun	179	(240)	-	(-)
Black Arrow	Sept	538	(682)	0.5	(0.5)
British Gas	Sept	52,000 L	(44,000 L)	4.25	(3.75)
British Inv. Tst.	Sept	7,920●	(8,590●)	9.5	(9.5)
Cable & Wireless	Sept	351,000	(301,000)	4.25	(3.7)
Casket	Sept	1,050	(27)	0.15	(-)
Chamberlin & Hill	Sept	581	(376)	1.75	(1.75)
Chloride Group	Sept	1,020	(4,390)	-	(-)
CML Microsystems	Sept	2,370	(2,130)	-	(-)
Commercial Union	Sept†	42,400 L	(27,200)	-	(-)
Courtaulds	Sept	96,400	(97,100)	3.65	(3.4)
Danka Business	Sept	5,290	(4,650)	1.25	(1.0)
Dunhill Holdings	Sept	30,800	(33,600)	2.75	(2.6)
Eagle Star	Sept†	284,000 L	(248,000 L)	-	(-)
Emap	Sept	9,860	(13,600)	2.0	(1.9)
Ennex Int'l.	Sept†♥	471 L	(598)	-	(-)
Explaura Holdings	Jun	1,350 L	(45 L)	-	(-)
Firth (GM)	Sept	712 L	(298 L)	-	(1.0)
Fleming High Income	Oct	-	(-)	2.9	(2.65)
Forward Group	July	203	(408)	1.0	(1.0)
Foster (John) & Son	Aug	23 L	(928 L)	-	(-)
Goldsmiths Group	Sept	2,090 L	(44)	-	(-)
Govett American	Sept♥	3,810	(4,260)	6.99	(9.19)
Hazlewood Foods	Sept	23,100	(22,500)	2.2	(2.1)
Hogg Robinson	Sept	10,900	(8,740)	2.5	(2.25)
Locker (Thomas)	Sept	217 L	(1,050)	0.35	(0.5)
London Int'l. Group	Sept	20,500	(18,800)	3.2	(3.0)
Lowndes Lambert	Sept	4,010	(2,870)	4.2	(-)
Mercury Asset Man.	Sept	34,000	(25,200)	6.5	(5.0)
Northern Foods	Sept	55,200	(47,400)	6.85	(6.0)
Oglesby & Butler	Sept#	164	(11)	-	(-)
Parkland Textile	Aug	1,370 L	(517 L)	1.0	(1.5)
Property Partnership	Sept	825	(1,070)	2.5	(2.45)
Readicut Int'l.	Sept	5,670	(5,310)	0.63	(0.63)
Rothmans Int'l.	Sept	266,000	(242,600)	7.5	(6.8)
Scantronic Holdings	Sept	1,110	(2,020)	0.79	(0.79)
Sedgwick Group	Sept†	74,000	(78,500)	-	(-)
Somic	Sept	25 L	(56 L)	-	(-)
Storehouse	Sept	13,900 L	(3,100)	2.5	(2.5)
Stratton Invest.	Sept	396§	(405§)	-	(-)
Surrey Group	Sept	117	(198 L)	-	(-)
Telfos	Sept	861	(3,420)	-	(3.6)
Thorn EMI	Sept	94,900	(96,200)	9.0	(9.0)
Volex Group	Sept	1,480	(3,280)	8.5	(8.5)
Vosper Thornycroft	Sept	7,100	(5,100)	4.1	(3.5)
Wagon Industrial	Sept	6,020	(8,500)	6.325	(6.325)
Warburg (SG)	Sept	89,000	(66,300)	5.25	(4.5)
Whitbread	Aug	142,500	(152,800)	4.55	(4.3)
Willis Corroon	Sept	89,000	(96,000)	13.2	(13.2)
Wilshaw	Sept	463	(574)	0.1	(0.1)
York Waterworks	Sept	1,170	(696)	2.8	(2.0)
Young & Co's Brew.	Sept	3,070	(2,690)	7.0	(6.0)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. † = Figures for 9 months. ‡ = This years figures for 17½ months. # = Figures quoted in Irish pounds & pence. ♣ = Available revenue ● = Attributable revenue ♠ = Net revenue. ♥ = Figures quoted in US dollars & cents. § = Gross revenue. < = Last years figures for 9 months

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
ABI Leisure Group	Wednesday	-	3.1	1.57
Anglo Scandinavian Inv. Tst.	Tuesday	1.1	2.28	2.25
Apollo Metals	Wednesday	1.0	2.0	1.15
Capital Radio	Wednesday	1.75	3.5	1.75
Concentric	Tuesday	3.37	7.63	3.54
Drayton Consolidated Trust	Tuesday	4.25	12.75	4.25
Dunedin Worldwide Invest. Tst.	Wednesday	2.4	8.8	2.4
Fairline Boats	Tuesday	7.15	13.85	7.15
Govett Atlantic Inv. Tst.	Monday	1.2	2.3	1.2
GT Asia (Sterling) Fund	Thursday	-	-	-
Kwik Save Group	Wednesday	3.7	8.4	4.3
MEPC	Thursday	5.25	13.75	5.25
Metro Radio Group	Monday	1.5	3.5	1.5
Millwall Holdings	Monday	-	-	-
Moran Holdings	Wednesday	-	1.0	-
Royal Bank of Scotland Group	Thursday	2.8	5.8	2.8
Scottish Investment Trust	Thursday	1.4	2.65	1.5
Tate & Lyle	Wednesday	3.3	6.7	3.7
Tunstall Group	Monday	2.0	3.0	2.15
Young (H) Holdings	Tuesday	2.0	4.0	2.0
INTERIM DIVIDENDS				
AAH Holdings	Thursday	4.85	9.9	-
Allen	Monday	1.6	3.3	-
Allied-Lyons	Tuesday	6.27	12.54	-
Amber Industrial Holdings	Tuesday	4.5	12.0	-
BPB Industries	Thursday	4.0	7.25	-
Brockhampton Holdings	Thursday	1.35	-	-
Brown & Tawse Group	Thursday	2.85	2.85	-
Caffyns	Wednesday	5.0	6.5	-
Caledonia Investments	Thursday	4.5	9.0	-
Castings	Thursday	1.2	2.52	-
Christie Group	Tuesday	-	-	-
City of London PR Group	Monday	1.04	2.05	-
Compco Holdings	Thursday	-	12.96	-
Dawson International	Monday	2.9	6.1	-
Erskine House Group	Tuesday	2.3	4.35	-
European Colour	Friday	0.25	0.4	-
GEI International	Thursday	2.47	4.85	-
Grampian Television	Thursday	0.7	3.4	-
Hambros	Wednesday	4.0	8.8	-
Hewetson	Monday	1.6	2.9	-
International Business Comms.	Friday	-	-	-
JLI Group	Monday	1.43	2.87	-
Johnson Matthey	Thursday	3.0	6.25	-
Kewill Systems	Tuesday	-	5.0	-
London Electricity	Wednesday	-	10.45	-
Macdonald Martin Distilleries	Thursday	2.0	6.0	-
Marston, Thompson & Evershed	Wednesday	1.26	3.2	-
Martin Currie European Inv.	Tuesday	-	1.1	-
Merrydown Wine	Monday	1.0	6.0	-
Mid Kent Holdings	Wednesday	4.0	-	-
Monks Investment Trust	Tuesday	2.0	4.7	-
Moss Bros Group	Thursday	1.5	3.5	1.5
National Grid Company	Monday	-	-	-
National Grid Holdings	Monday	-	-	-
National Power	Tuesday	-	5.5	-
North American Gas Inv. Tst.	Tuesday	1.12	1.12	-
North West Water Group	Wednesday	6.0	12.0	-
Northern Foods	Tuesday	6.0	8.5	-
Northumbrian Water Group	Wednesday	6.2	12.4	-
NORWEB	Tuesday	-	10.94	-
NSM	Tuesday	0.5	-	-
Oceonics Group	Friday	-	-	-
Osborne & Little	Thursday	2.0	2.35	-
Penna	Friday	3.45	7.8	-
Premier Consolidated Oilfield	Tuesday	-	-	-
Seton Healthcare Group	Tuesday	0.4	3.3	-
Sketchley	Tuesday	-	-	-
South West Water	Thursday	6.7	13.3	-
Southerns	Tuesday	0.8	-	-
Stoddard Sekers Int'l.	Friday	0.55	1.95	-
Tomorrows Leisure	Thursday	-	1.25	-
Tops Estates	Friday	0.5	1.3	-
Unigate	Wednesday	5.7	9.8	-
Vibroplant	Monday	1.22	2.38	-
Vodafone Group	Monday	2.6	2.87	-
V-Tech Holdings	Thursday	-	-	-
Walker & Staff	Tuesday	-	3.3	-
Welsh Water	Thursday	6.5	13.0	-
Wessex Water	Friday	6.1	11.6	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

Revenue hardens its appeal rules

Why it may cost more to challenge tax decisions

INDIVIDUAL taxpayers will be at an increased disadvantage in trying to challenge Inland Revenue decisions if joint proposals from the Revenue and the Lord Chancellor's Department become law.

The proposals, which were promised in the Budget, are contained in a consultative paper on reforms to tax appeals entitled *Procedural Rules for General and Special Commissioners* (£4.50).

The main trouble will be caused by the proposals on costs, which are bound to draw protests from accounting and law firms by the January 31 deadline for responses.

At present, in appeals before the commissioners, each side pays its own costs, win or lose. There are two types of commissioner: general commissioners mainly hear appeals in cases where a taxpayer has failed to produce information, special commissioners handle specific categories of cases, as well as appeals from people who choose to bypass the general commissioners.

The consultative paper proposes that costs be awarded by the special, but not the general, commissioners where either party has acted "frivolously, vexatiously or wholly unreasonably" in pursuing the appeal.

"I don't think anybody in the professions is going to come to the same conclusion as the Revenue has," said Malcolm Gunn, editor of the specialist monthly *Taxation*. "The chances of the taxpayer ever getting costs out of the Revenue are almost nothing." He pointed out that taxpayers unfamiliar with the technicalities and niceties of tax law are practically incapable of spotting frivolous behaviour either in themselves or the Revenue.

"People get aggrieved because they think they have not had justice and go on appealing and getting thrown out every time – that would be seen as frivolous," he said.

Rick Helsby, of Coopers & Lybrand Deloitte, agreed, citing Section 29 of the Taxes Management Act 1970, which says that a tax inspector dissatisfied with any return may make an assessment "to the best of his judgment."

"That is a very subjective matter. I have difficulty in seeing how you would determine whether that was unreasonable."

Helsby said that many private individuals are already deterred from appealing by the cost of professional representation – realistically around £1,000 for a two-day hearing before the special commissioners – as this often exceeds the amount of tax in dispute.

Another disadvantage for individual taxpayers is that although commissioners' hearings are in private, the Inland Revenue is allowed to pack the room with tax inspectors or other officials while friends of the taxpayer must have the consent of both parties to the appeal to attend. The draft rules of procedure in the consultative paper continue this inequality, listing "any officer of the Board (of the Inland Revenue)" among those entitled to attend hearings.

The paper would allow more latitude on who can represent taxpayers, lifting the ban on members of the Institute of Taxation.

Barbara Ellis

Checking cheque fraud

THE Consumers' Association is trying to find a backbench sponsor for a parliamentary bill which could, it says, prevent cheque fraud.

There seems to be a need for it. *Fraudulent cashing of* cheques last year cost the UK £34.3m, almost double the previous year's total of £18.8m, according to the Home Office.

The CA says its bill would stop this by giving legal status to the words "account payee only" on a crossed cheque. This would force banks to reject unauthorised transferred cheques.

At present, a thief who has stolen a cheque needs only to forge a signature on the back to transfer it to another bank account. As there is no way for the accepting bank or building society to check the signature, if the supposed signatory has no account with them, this is easy.

A change in the law along the lines recommended by the CA was recommended in a White Paper in March 1990. At the time, the government accepted that the present confusion over the crossing of cheques was unsatisfactory, and said legislation "would be introduced in due course".

However, parliamentary time was not found for the legislation, and the CA looks at present as though it will be lucky to find a sponsor for the bill for this session of parliament. It thinks it has found a sponsor, but not one who came in the first 20 places in the ballot for private members' bills.

It is very difficult to get money back if a stolen cheque has been paid into an account. Even if the thief is caught, you may not be compensated if he cannot afford to pay back the money. If the words "account payee only" do not appear, then it is not the bank's liability either.

For the time being, the best advice offered by the Consumers' Association is as follows:

■ Write "only" after the payee's name on the cheque;

■ Cross out "or order" and initial it;

■ Write "not transferable" between the transverse lines;

■ Put a line through any spaces on the payee line. This reduces the risk of a fraudster changing what you have written.

Banks say that they will usually pay compensation if all of this has been done, but this is not legally guaranteed. One further piece of advice is not to send a cheque through the post unless there is no alternative.

One bank has made the change voluntarily. In July, Save & Prosper made its cheques "non-negotiable", by following the first steps recommended by the CA – its cheques now simply say "only", rather than "or order". S&P also advises its customers to write "Not Transferable" between the transverse lines of the cheque. This has been well received by customers.

However, this practice needs to spread to the big clearing banks before it can help much.

John Authers

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Shares	Value	No of directors
SALES			
Ashley (Laura)	100,000	99	1
Blenheim Group	*883,000*	*3,780*	*2*
Boddington Group	25,000	40	1
Clifford Foods "A"	18,000	37	1
Crown Comm	400,000	184	1
Forwell Group	500,000	30	1
G R Holdings	15,000	12	1
Grampian Holdings	12,758	26	1*
Helical Bar	200,000	304	1
Ibstock Johnsen	258,000	240	1
Lloyds Chemists	3,000,000	9,240	1
Mayflower Corp	4,361,062	1,286	1
McKechnie	10,000	31	1
Microvitec	1,000,000	190	1
Novo Group	885,500	1,107	1
Petrocon Group	641,000	321	1
Rathbone Bros	25,000	100	1
Reuters Holdings	25,000	232	1
Ricardo Intl	25,000	29	1
Sm'kline Beecham A	250,000	2,070	2*
Smiths Industries	38,000	101	1*
Stat-Plus	550,000	1,535	1
Transfer Technology	350,000	1,006	1
Travis Perkins	6,000	14	1
Usher Walker	23,000	43	4
PURCHASES			
Amersham	3,000	12	1
BWD Securities	50,000	23	1
Chillington Corp	1,025,000	297	4
El Oro Mining	*7,000*	*33*	*1*
Evered Bardon	50,000	35	1
JIB Group	116,500	227	5
Kunick (Pref)	140,000	81	5
Mountleigh Group	1,200,000	127	3
Petrocon Group	2,400,000	1,200	1
Scottish Value Tst	215,742	101	2

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 11-15 November 1991. *Source: Directus Ltd, Edinburgh*

ALLEN LLOYD, chairman of Lloyds Chemists, the drugstore group, has sold 3m shares, a quarter of his personal stake. He retains 10.8 per cent of the company. Lloyds Chemists is one of the few retailers to have prospered over the last three years and the shares have doubled in the space of a year.

Four directors of Chillington Corporation, including the managing director and finance director, bought a total of 1,025,000 shares at 29p. That price is below the low point for the year and Thomas Mathew, the managing director, bought 100,000 shares at 39p in August. Recent interim results suggested that the company is seeing some signs of recovery in engineering and certain commodities.

Sir Ian MacGregor, chairman of the troubled property group Mountleigh, has bought 1m shares at 10.25p to add to the 500,000 shares he purchased a month ago at 14p. Two non-executive directors have each bought 100,000 shares at 12p.

Angus MacDonald, Directus Ltd

Tale of an idle accountant

MY HUSBAND and I have employed an accountant to deal with our tax affairs for the last ten or 15 years. We have become increasingly dissatisfied with his inefficient and idle approach. I have always done most of the work towards preparing the accounts for the tax man and the accountant has given minimum advice – and only when suitably prodded.

We plan to write to the accountant in the near future to tell him we no longer require his expensive services. As I now have more spare time, I hope to be able to deal with tax matters myself.

Could you please advise me what records I can reasonably request to be handed to me by the accountant. Can I ask for the complete file, or only recent papers? I have copies of tax forms sent in each year, but do not, for instance, have records of appeals made on our behalf, or other correspondence between the accountant and the tax office.

I would be grateful for guidance on what is customary in these circumstances.

■ You can require to be handed to you all the documents which belong to you, however far back in time they go. These are basically all the original papers, but not copies of documents originated by your accountant. You must, of course, first pay any outstanding fees. It is also good practice for the accountant to let you have copies of all his own documents relevant to your matter, once his fees have been paid.

Q&A
BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Expats and UK tax

The recent article in the *Weekend FT* "Demand a change in the law" by Donald Elkin, concerning expatriates and UK tax: includes the sentence: "While they remain non-resident, all is well, since by investing overseas all tax is avoided."

I was under the impression that, for the expatriate, given completion of form R85 (1990), onshore and offshore investments were of equal merit from the point of view of taxation.

For a UK taxpayer my impression was that, apart from deferring tax by paying interest gross, there was no longer any merit in off-shore investment and that the gross interest might be anticipated by amendment of your PAYE code in a subsequent year.

■ In principle, non-residents are fully taxable on income arising in the UK. There is a *difference being able* (as a person not ordinarily resident in the UK) to have your UK bank or building society interest paid without deduction of UK tax and being exempt from UK tax upon it. Some non-residents may escape UK tax on some or all of their UK income by virtue of a double taxation agreement with the particular country in which they are resident. Some may escape UK tax on bank or building society interest by virtue of extra-statutory concession B13, for example. The free booklet of extra-statutory concessions is obtainable from your tax office.

Offshore investment is attractive, for example, as a means of getting untaxed income to cover one's personal allowance (assuming that one is living entirely on investment income.)

My wife and CGT

I recently gifted a shareholding – acquired in 1987 at a cost of £15,000 – to my wife. From a capital gains point of view, would I be correct in assuming that my wife is now regarded as having acquired these shares in 1987 for £15,000?

■ Assuming that there are no complicating factors, your wife will be treated as having acquired the shares on the day of the gift at a price of £15,000 indexed from the month of your acquisition to the month of the gift. Ask your tax office for the free pamphlet CGT15 (Capital gains tax: a guide for married couples).

The Week Ahead

ELECTRICITY companies kick off their interim reporting season next week knowing that they must keep dividend increases moderate to please Stephen Littlechild, their regulator.

Some of them could afford to raise their payouts by 20 per cent or more. However, discretion is likely to keep the average increase to 12 to 14 per cent, with stronger companies coming in a few percentage points higher.

NORWEB, the first of the 12 regional companies to report, is an example of the latter group. It is forecast to turn in on Tuesday pre-tax profits of about £30m and a 15 per cent dividend increase.

London Electricity Board is the other company to report next week and is forecast to show on Wednesday pre-tax profits of £12m and a dividend increase of about 12 per cent.

National Power, the larger of the two English and Welsh generators, reports on Tuesday. Interim pre-tax profits of about £190m are expected, up some 10 per cent from a year earlier. Although it faces minimal regulatory risks compared with the regional distributors it is expected to raise its payout by only about 10 per cent.

Besides electricity companies, several large food and drink groups are reporting.

The City is expecting little sparkle in the first set of results on Tuesday from the new management team at Allied-Lyons.

While the fundamental outlook for the group looks favourable – especially if the Office of Fair Trading approves its proposed deals with Carlsberg and Brent Walker – forecasts of first half profits range from £277m to £290m compared with last year's £286m.

Tate & Lyle on Wednesday is likely to report pre-tax profits for the year ended March of about £235m, up from £218m a year earlier, coupled with a modest dividend increase.

FINANCE AND THE FAMILY

Share Service to be improved

***Philip Coggan** explains how the FT is modifying its daily share information pages*

A QUIET revolution will occur at the *Financial Times* on Tuesday. The London Share Service, a long-term resident of the inside back pages, will be modified substantially.

The intention is to make it easier for readers to follow their shares – indeed, many of the changes have been made in response to reader demand. To help you find your way around the new design, the *FT* is publishing a four-page pull-out section on the first day of the new service.

The most significant change is in the way we list shares by category. Many of the current sector names – Drapery & Stores, Shoes and Leather or Motors, Aircraft Trades – are old-fashioned and inappropriate. Too many shares fall into the Industrials (Miscellaneous) category, a ragbag of everything from Reuters to Hanson.

Out go the old categories – in come the FT Actuaries sectors used by most investment professionals. The result is a much more logical arrangement of stocks. Reuters moves, as you might expect, into the media sector; Hanson into conglomerates.

The complete list of categories in order of appearance is:

■ British funds (gilts), Other fixed interest (sterling bonds), Americans, Canadians, Banks, Brewers & distillers, Building materials, Business services (employment agencies, security groups etc), Chemicals, Conglomerates, Contracting & construction, Electricals, Electricity, Electronics, Engineering – aerospace, Engineering – general, Food manufacturing, Food retailing, Health & household (largely pharmaceutical companies), Hotels & leisure, Insurance brokers, Insurance composite, Insurance life, and Investment trusts. (All on the left hand page.)

■ Media, Merchant banks, Metals & metal forming, Miscellaneous, Motors, Oil & Gas, Other financial, Other industrial materials, Packaging, paper & printing, Property, Telephone networks, Textiles, Transport, Water, South Africans, Plantations and Mines (all on the right hand page).

The Tuesday pull-out will include a guide showing readers where every individual share will be moving. The table shows where 20 of the more popular shares will be found.

Altering the sectors will make it easier for readers to use the FT-Actuaries Share indices table, which normally appears on the International Capital Markets page. This shows the progress of each sector every day and gives the key ratios (such as dividend yield) in each case.

In addition to the sectoral changes we will be improving the typographical format to make the tables easier to read. Instead of the vertical lines previously used to distinguish columns, alternate columns will be in light and bold type.

Company names will now appear at the beginning of each line, making it much easier to find individual shares. In addition, the old categories of alpha, beta and gamma stocks (which relate to share liquidity) are being dropped. Instead, the shares which are most frequently traded will be preceded by a black square.

If a stock has a high volume of trading, that should make it easier for an investor to buy or sell his or her holding. Shares which lack the black square will be less frequently traded – and it may be more difficult to sell your holding at the price you want.

The old symbols of a Maltese cross (for a company traded on the Unlisted Securities Market) and a heart (for a stock not officially listed in the UK) will continue.

Look out also for any notes, which will be placed between the company name and the share price. These are largely designed to point out any "quirks" that affect a company's earnings or dividends. An example would be a company which had forecast its dividend because of a takeover threat.

We will also change the frequency with which we publish certain data. The logic behind the move is that, with no weekend trading, we can present different information in the Monday paper. In particular, we can show data that rarely changes from day-to-day.

The Tuesday to Saturday pages, therefore, will concentrate on the facts that change daily. On those days, the tables will include (from left to right): share price, changes in price over the day, high & low for the year, market capitalisation (£m), gross yield and the price-earnings ratio.

A significant change is our decision, in response to reader requests, to show market capitalisation every day. Previously, this was only shown on Mondays. Remember that if the company has more than one class of share, we show the capitalisation of that particular class; to get the *total* capitalisation of the company, add the classes together.

If you want to invest in shares, remember that the price we quote is the *average* (known as the mid-price) of the best buying and selling prices quoted by the market-makers. So a share which a market-maker would buy at 49p and sell at 51p would have a mid-price of 50p.

You should not assume that when you contact a broker, he will offer the price you quote. Apart from the buy-sell spread, brokers will also vary the price depending on the size of your order and any market movements following publication.

The nominal size of the net dividend payments in the company's last financial year – and the level of dividend cover – will now be shown only on Mondays, since these figures change infrequently. Note that if the interim dividend has been cut or increased since the last financial year this will be shown by a double or a single dagger, respectively.

Also shown on Mondays, as before, will be the percentage change in the share price over the week, the Cityline number for checking prices during the day, the months in which the dividends are paid and the last date at which the shares went ex-dividend.

Investment trusts will continue to have their own categories of data. On Tuesdays to Saturdays, trusts will show (from left to right): the share price, daily change, high and low for the year, market capitalisation, net asset value per share, and the discount or premium to the net asset value. The latter two figures are provided by County NatWest Wood Mackenzie.

The discount to net asset value is the most significant measure of the value of investment trust shares. Normally, the wider the discount the "cheaper" the shares, although in some cases the discount may represent the illiquidity of the shares or the perceived risk level of the portfolio.

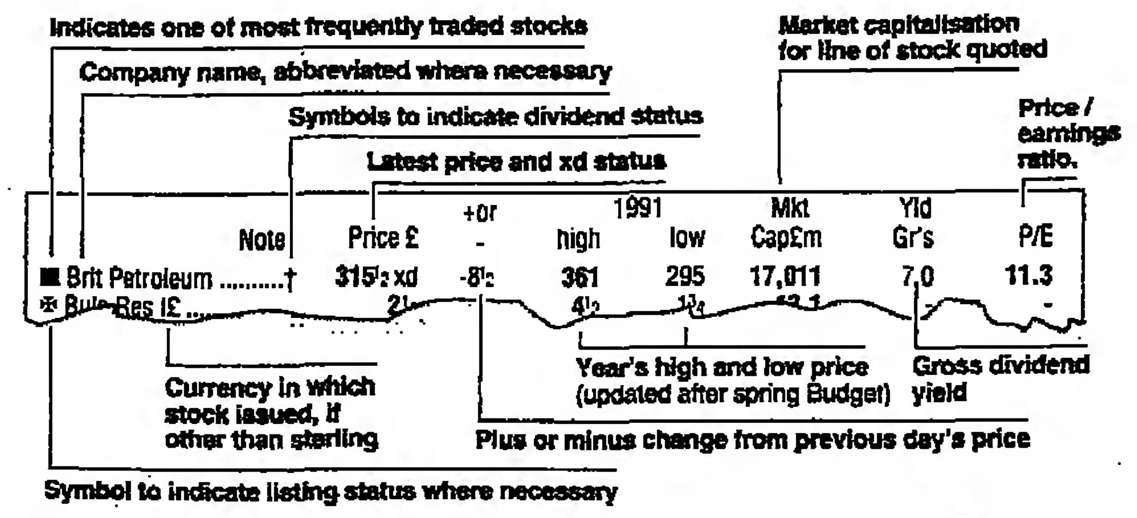
On Mondays, the information on trusts will be the same as for other stocks, that is, (left to right again): price, percentage change on week, the last net dividend for the trust's full financial year, the months when dividend are paid, the last ex-dividend date and the Cityline number.

All these changes will be explained in more detail in the Tuesday pull-out. We will recap on the significant shifts in the Family and Finance pages next Saturday.

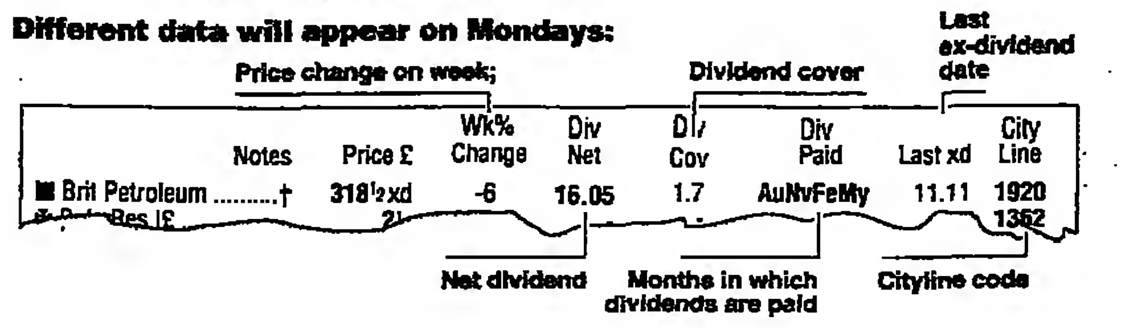
20 popular shares – where they will be

Company	Sector	Company	Sector
Abbey National	Banks	Glaxo	Health & household
Amstrad	Electronics	Grand Met	Brewers & dist
BAT	Miscellaneous	Guinness	Brewers & dist
BT	Telephone networks	Hanson	Conglomerates
BTR	Other ind mat	ICI	Chemicals
Cadbury Schweppes	Food Manufacturing	Lonrho	Conglomerates
Commercial Union	Insurance comp	Manweb	Electricity
Euro Disney	Hotels & leisure	National Power	Electricity
Eurotunnel	Transport	Prudential	Insurance Life
GEC	Electronics	Tesco	Food retailing

The following data will be shown Tuesday to Saturday:



Different data will appear on Mondays:



Pension pitfalls

***Deborah Harrison** tackles job transfers*

MOST PEOPLE change jobs several times before retirement, little realising that each move leaves a gaping hole in their pension provision. In spite of improvements to the rights of early leavers, pension transfers mostly represent bad value. This problem particularly hits those who change jobs while in their 20s or 30s.

Transfer values are one of the most complex aspects of company pension schemes, and it can be difficult for lay people to assess whether or not they have been treated fairly. The key lies in understanding how a transfer value is calculated and, if your pension suffers as a result of changing jobs, how to make good the shortfall.

Most company pensions in Britain operate on a final salary basis. Under a typical scheme, your pension builds up at a rate of 1/60th of your final salary for each year's service. After 40 years, you should qualify for the maximum pension permitted by the Inland Revenue of 40/60ths (or two-thirds) of your final salary. Employees caught by the "pension cap" are further restricted to a maximum pension of £47,600 for the current tax year.

Employees usually pay contributions of 5 or 6 per cent of annual earnings to their company schemes. So what happens to these contributions when you leave?

If you have been a member of the scheme for less than two years, it is possible to take a cash refund of contributions, subject to a deduction for tax and back payments into the state earnings-related pension scheme (Serps).

If you do not qualify for a refund, you have two basic choices: you can leave your pension with the company in the form of a deferred pension, or you can take it with you as a transfer value. The transfer value must be switched to your new employer's scheme or invested in an approved private pension contract.

The decision to transfer should not be taken lightly. By law, all schemes must now increase deferred pensions by 5 per cent a year (or by retail prices, if less). This is known as limited price indexation (LPI). If your previous employer provides above-average increases to deferred pensions as well as good benefits for widows and dependents, the deferred option might be the best.

Your previous employer might also make regular increases to those receiving pensions. This is particularly valuable since there is no legal requirement to pay increases except on the guaranteed minimum pension (gmp) element which replaces the Serps pension under the company scheme.

Some public sector schemes offer transfers on a year-for-year basis

Although the government has promised to introduce LPI on pensions in payment, it will not take effect for at least two years. Even then, in most cases it will affect only a portion of your pension benefits.

If you take a transfer value, you must decide whether to pay it in to your new employer's scheme or invest it in a personal pension or buy-out bond.

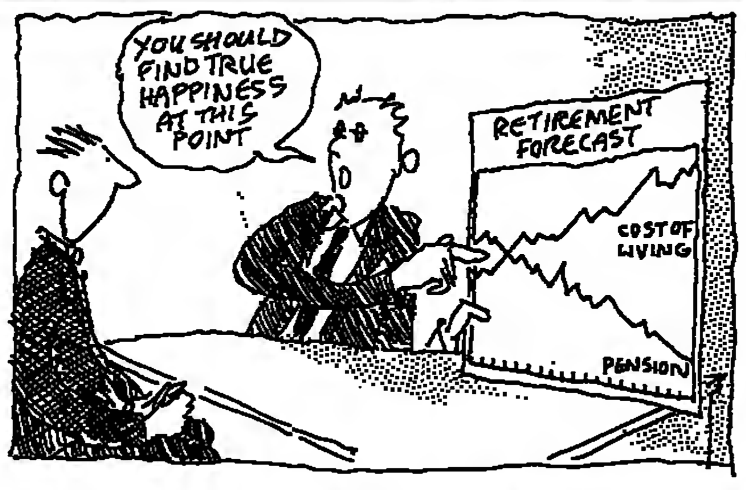
Personal pensions are provided by life insurance companies, building societies, banks, unit trust groups and friendly societies. Buy-out bonds are available from life groups only. All these products operate on a money purchase basis – in other words, your final pension will be determined by the investment performance of the fund rather than your final salary. Advice from an independent pensions expert is essential.

Many employees like the idea of taking their pension with them to a new job but are horrified to discover that the 10 "years" built up in the old final-salary scheme buys only five "years" or less in the new scheme. The pension industry offers a plausible reason for this anomaly but it is cold comfort to the job-changer.

The actuary works out a value for your benefits by making very conservative assumptions about your future earnings growth. Furthermore, the calculation might make deductions for unspecified "expenses" and might not take into account discretionary benefits.

In most cases, your transfer value will buy "years" in the new company's final-salary scheme. But if you are moving to a higher-paid job, then your pension rights will obviously cost your new employer more. Accordingly, the new employer will credit you with fewer "years" in its scheme in order to compensate.

The same scaling-down process will occur if the new scheme offers better benefits than the old one. However, some public sector schemes still offer transfers on a year-for-year basis; this represents excellent value.



The decision to take a transfer is further complicated by coming legal changes to the way pension schemes operate. Some of the basic assumptions for the transfer-value calculation are likely to change once the Coloroll case on equal pension benefits for men and women is heard at the European Court of Justice next year. This will, in turn, force the Government to set a date for compulsory increases (LPI) on pensions in payment.

Richard Malone, marketing manager at Noble Lowndes & Partners, warns against delaying a transfer in the hope that the value will improve when the new legislation comes into force.

If you are worried that changing jobs could damage your pension, there are steps you can take. Bryn Davies, actuary and executive director of Union Pension Services, urges employees to tackle the issue when negotiating a salary and benefits package with the new employer. Davies says: "If you are in a strong negotiating position, you should ask your new employer to make good any shortfall lost in the transfer so that you end up with the same number of years."

If your new employer will not agree to this, you can make good the shortfall in your pension by paying additional voluntary contributions (AVCs).

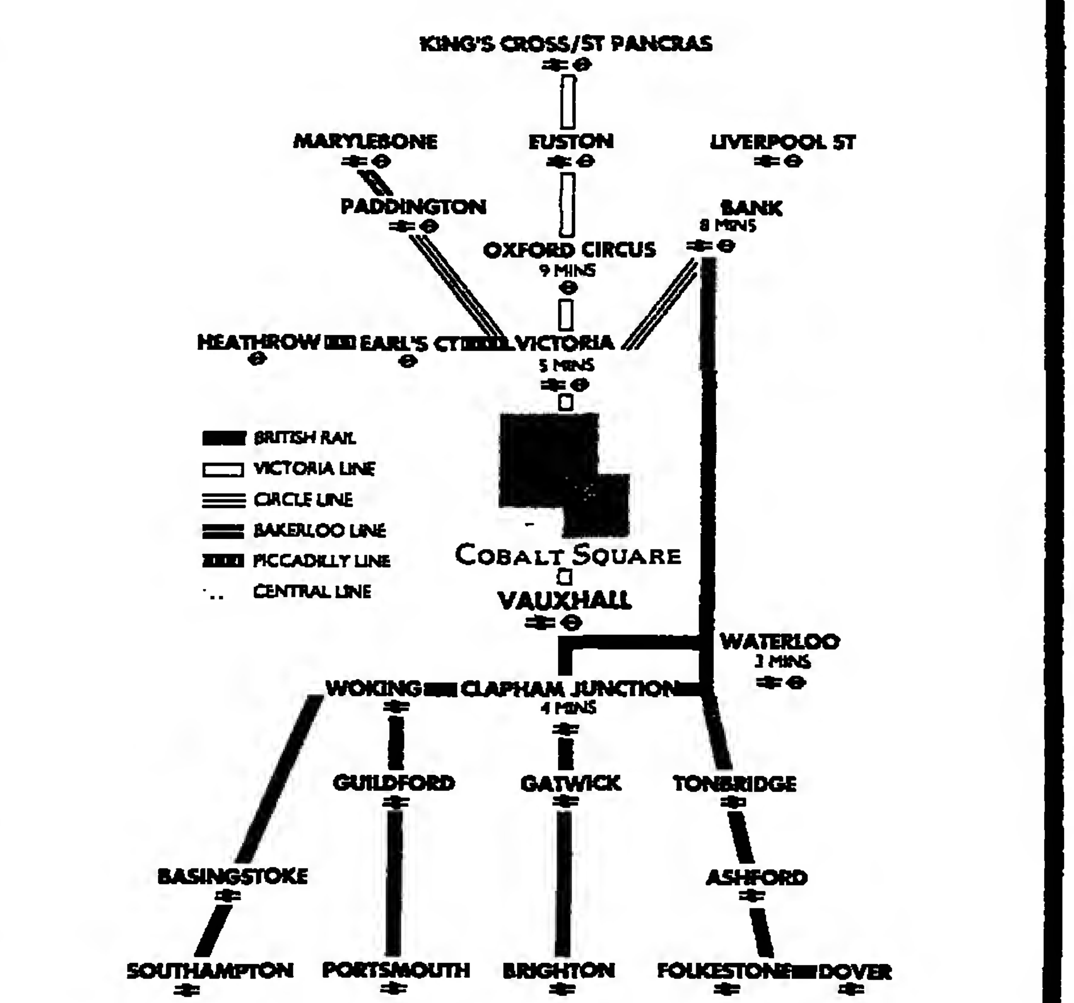
Contributions to both types of AVC qualify for tax relief, although there are limits on maximum contributions for employees caught by the pensions cap. Other suitable top-up options, particularly for higher earners affected by the cap, include Peps and Tessas.

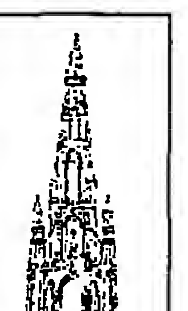
Finally, if you have a complaint about your transfer value, put it in writing to the scheme trustees. If you are dissatisfied with their response, you can take it up with the Occupational Pensions Advisory Service, which should be contacted through Citizens Advice Bureaux.

THE BEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Southdown BS	SuperSaver	0273 471671	Instant	£1	10.25%	Yly
Scarborough BS	First Post 2	0800 590578	Instant	£1,000	11.15%	Yly
Coventry BS	Instant Option	0203 252277	Instant	£40,000	11.55%	Yly
Northern Rock BS	Eclipse	091 285 7191	60 Day	£50,000	11.61%	Mly
Birmingham Midshires BS	First Class	0800 444109	90 Day	100,000	12.30%	Yly
Chelsea BS	Premier Account	0800 272505	31.12.93	£10,000	12.5*%	Yly
Skipton BS	Triple Crown Bond	0756 700500	30.4.92	£10,000	12.60%	Yly
TESSAs (Tax Free)						
Melton Mowbray		0664 63937	5 Year	£1	14.00%	Yly
Allied Trust Bank		071 626 0879	5 Year	£9,000	13.24%	Yly
National Counties BS		0372 742211	5 Year	£3,000	13.10%	Yly
Lambeth BS		071 928 1331	5 Year	£20	12.90%	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	10.00%	Yly
UDT	Capital Plus	0734 580 411	Instant	£1,000	9.90%	Qly
Fidelity Investments	Cash Acc	0800 414161	Instant	£5,000	10.65%	♦
Chelsea BS	Classic Postal	0242 521391	Instant	£10,000	10.70%	Yly
				£25,000	11.20%	Yly
Northern Rock BS	Current Acc	091 285 7191	Instant	£25,000	10.71%	Mly
OFFSHORE ACCOUNTS (Gross)						
Portman Channel Islands	Channel Isls Acc	0481 822747	Instant	£1,000	10.20%	Yly
C & G Channel Islands Ltd	Guernsey Gold	0481 715422	Instant	100,000	11.50%	Yly
Alliance & Leicester (IOM)	Manximum 90 Day	0624 663566	90 Day	£25,000	11.00%	Yly
Yorkshire BS Guernsey	Key Extra	0481 719898	180 Day	£50,000	12.25%	Yly
Bristol & West Intl Ltd	Intl Bond II	0481 720609	30.11.92	£50,000	12.50%	OM
GUARANTEED INCOME BONDS (Net)						
Prosperity Life FN		0622 690555	1 Year	£25,000	8.60%	Yly
Financial Assurance FN		081 367 6000	2 Year	£5,000	8.90%	Yly
Prosperity Life FN		0622 690555	3 Year	£15,000	9.10%	Yly
Financial Assurance FN		081 367 6000	4 Year	£5,000	8.90%	Yly
Financial Assurance FN		081 367 6000	5 Year	£5,000	9.00%	Yly
NAT SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£5	9.50%	Yly
	Income Bonds 10.25% WEF 28 Nov		3 Month	£2,000	11.00%	Mly
	Capital Bonds C		5 Year	£100	11.50%	OM
NAT SAVINGS CERTIFICATES (Tax Free)						
	36th Issue		5 Year	£25	8.50%F	OM
	5th Index Linked		5 Year	£25	4.50% +Infln	OM
	Childrens Bond F		5 Year	£25	11.84%	OM

*Chelsea's account is a fixed rate till March 1 1991. Thereafter the rate is variable. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable). OM = Interest paid on maturity. N = Net Rate. B = Bond. ♦ = Interest accumulates daily. Source: Moneyfacts, The Monthly Guide to Investment and Mortgage Rates, Walsham House, Stalham, Norwich.





as at 30 September	1991	1990
Net Asset Value Per Share	849p	617p
Ordinary Shareholders' Funds	£530m	£385m
Interim Dividend Per Share	9.5p	9.5p

MINDING YOUR OWN BUSINESS

Tough lessons for a green businesswoman

Nick Garnett meets Rosemary Alexander, garden design teacher, who prefers planting to grappling with figures

EVERY YEAR about a sixth of the 36 or so people who take the English Gardening School's course on garden design manage to flunk it.

Students pay almost £4,000 each for the 12 month, two-days-a-week programme and they do not get any of that cash back if they fail to make the grade. Even though they are warned months in advance that they are slipping behind, hardly anyone gives up.

The English are Europe's most committed practitioners of the art of the green fingers. That has helped the school cultivate its business to a point where its income from fees in the year to October 1990 totalled £155,000.

Rosemary Alexander, the school's 53-year-old founder, is a former tutor in landscape gardening. From the beginning back in 1983, running the venture has sorely tested her.

"I had no training in business and this was my biggest mistake. I would advise anyone in my position to take a business course," she says. The company last year made a pre-tax profit of £15,200 which Alexander describes as "disappointing".

Having left her lecturing job, the idea for the gardening school was spawned while queueing in the bank. "I was standing there and the man behind me was the administrator of the Chelsea Physic Garden. He said: 'why don't you come and open your own garden school at the Physic Garden.' You're not going to get that chance twice in a lifetime, are you?"

Alexander, whose husband is a circuit judge, set aside £2,000 of her own money and accepted a three-month trial period at what is the UK's second oldest botanical garden. "I advertised in the *Financial Times* and *The Sunday Times*. Much to my relief I got 12 students for the first course because I knew we would break even at eight. The course was twice a week for six weeks and cost the students £300 each." The following year, the one-year garden design course was added.

From this seed bed, the English Gardening School has sprouted about 30 different programmes from a one-hour lecture costing £20 and a one-day course at £50, including lunch, to a new one-year horticultural course. This was introduced because the recession has been denting take-up of the shorter courses and lectures. The design course, though, is fully booked and the school reaps the bulk of its fees from this.

The 300 or so people who attend lectures and courses (four women to every man) vary from those owning no more than a window box to those whose homes sport large gardens. But the prospect of becoming part-time or full-time garden designers is what lures students to the garden design course.

"Most of them are professional people such as doctors and nurses. We have a lot from the financial sector now. Many are looking for a new way of life or want a less stressful job." Those from the money markets appear to have more difficulty on the course than anyone else. "They are used to facts and figures and find the design process quite difficult to begin with."

The design course involves a broad range of teaching and practical work from analysing sites, preparing planting plans and project management right down to the correct use of soil mulches and the positioning of pergolas. "People who just want to design their own gardens would be bored with the course. There is so much about business practice." Because of that, Alexander interviews everyone who applies.

There is no written exam, just continuous assessment and a certificate for those who pass the course, which includes two full days homework per week. Both Alexander and a partner, Anthony Du Gard Pasley, do the marking. The school uses up to 100 gardening lecturers, all paid on a freelance basis and averaging about £150 a day for regular lecturers. The total cost of these botanical boffins last year was £38,000.

The school has a tiny staff including an administrator, secretary and some part-timers making up a total staff bill of £20,000 a year. Lunches, with wine, for students are prepared by outside caterers at a cost to the school of £13,000. Printing and stationery runs to a further £7,000. Rent paid to the Chelsea Physic Garden for the use of two lecture rooms, an office and the occasional use of the garden for practical lessons costs the English Gardening School the equivalent rent of a smallish to medium-sized shop in central London.

Rosemary Alexander with some budding garden designers

The company's advertising bill last year was £16,000. This year advertising is being cut back to about £9,000. Two-thirds of this goes to *The Garden* magazine, the publication of the Royal Horticultural Society. Because of the recession, the company has been pruning elsewhere. Students must now bring their own writing material though not gardening equipment which has been purchased by the school for £900.

Alexander and her husband rent a National Trust property in Kent, the garden of which is sometimes used by the school's students. Alexander had hoped that part or all of the £29,000 yearly rent on that property could be off-set against the school's profits but she says her accountants have advised her that she cannot do this.

Alexander would like to introduce practical horticulture and cooking weekends and to raise turnover to about £200,000. She has recently begun looking for business sponsorship. She is not comfortable dealing with numbers and detailed accounts, a weakness exacerbated by what she says have been rows between her book-keeping company and accountants. The past two years' accounts have yet to be audited. Her aim now is to dispose of the administrative side of the venture by finding some kind of commercial partner.

■ *English Gardening School, Chelsea Physic Garden, 66 Royal Hospital Road, London SW3. Tel 071-352-4347.*

Computing/**David Carter**

Instructions you can understand

COMPUTER manuals do not make the most exciting of topics. But if you have to learn a new software package, unless you can afford to go on a training course at £150-250 a day or you have an expert working at the next desk, the manual is all you have. Its quality is crucial: what is the use having a package with lots of wonderful features if you can never learn how to use them?

Manuals fall into two types and it is important to understand the difference. First there is the reference manual or user guide, traditionally a gigantic tome of several hundred pages which describes exhaustively every feature of the package. Second is the tutorial, usually a set of written instructions which sit you down at the keyboard and take you step by step through a worked example to illustrate the principal features of the package.

Since reference manuals are only comprehensible to someone who knows the package already, no one ever uses them except as a last resort. By contrast, a good tutorial is absolutely essential for the beginner trying to master a package.

I think most people in the computer industry would agree that the standard of computer manuals is pretty terrible. Precisely why they should be so bad is a mystery, since the art of producing good manuals has long since been refined by the documentation team at Software Publishing Corporation. Anyone who buys a product such as PFS First Choice, PFS First Publisher or Professional File will find at the front of the manual a 30 or 40 page "Quick Tour" which takes the non-technical user as painlessly as possible through those all-important first steps and speeds him gently on his way (the remainder of the manual will contain reference material which he will ignore, just as everyone ignores reference material. It is those precious few pages of tutorial which are everything).

SPC is unique within the software industry. The generally abysmal quality of software manuals has given rise to a new industry in the US. When those in the know get a new package they do not even bother to look at the documentation that comes with it, they go straight out and buy a manual from one of the specialist self-teach publishers such as Sybex or Que Corporation.

Self-teach books receive cursory treatment in the computer press, mainly because reviewers are experts who can work things out for themselves and never need to use manuals. But the ordinary mortal who acquires a software package should make it standard practice to buy a self-teach manual as well.

How do you buy one? It is not a good idea to drop into a bookshop and purchase the first you see. Do a little research first.

Start by telephoning for a free copy of *The Computer Booklist* from Computer Manuals (021-706-6000). This contains all the books available for PC software packages. In the case of Wordperfect, for example, it lists 103 of them. The staff at Computer Manuals have details of every book on their database and reckon they can find just the right one for you there and then.

The more cautious researcher will obtain some publishers' catalogues, in particular those of Sybex (distributed by Pitmans, 071-379-7383), Que (by Computer Manuals, on 021-706-6000 as above) and Osborne McGraw Hill (0628-23432, ask for the Professional and Reference Marketing department). Keep a tight hold on your wallet as you read them. They are written in enthusiastic American style and offer the key to the treasures of Aladdin's cave; everything will become so easy! Briefer and more factual are the catalogues from Microsoft Press (distributed by Penguin, 071-416-3000), Wiley (0243-779777) and Sams (distributed by MacMillan, 0865-748754).

Sybex helpfully codes its books into eight grades, from step by step tutorials for the novice to exhaustive reference guides describing everything there is to know about a package. Most self-teach books have a code on the back cover saying who it is aimed at and whether it is How To (ie tutorial) or Reference. Check that the book matches the "release" number of the software on your own machine. A book covering Wordperfect 4.2 will be quite different from one covering Wordperfect 5.1.

The books covered so far are all US imports, which are preferable to British. American books are 7½ inches wide and lie flat, whereas the British books are Penguin size and you have to jam them under the keyboard to stay at the right page. But if you have UK packages such as the Amstrad PCW, Locoscript, Timeworks, DeskPress, Masterfile PC or Superbase, the principal UK publishers are Butterworth Heinemann (Newtech series, tel: 0865-311366, and Sigma Press (available through Wiley, as above, tel: 0243-779777).

MINDING YOUR OWN BUSINESS

LEGAL NOTICES

No. 00 12978 of 1991
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF
NORTHERN COMPRESSORS LIMITED
- and -
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 15th day of November 1991 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the capital of the above named Company from £1,500,000 to £766,902 by cancelling and extinguishing 733,098 of the shares of the Company

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr Justice Hoffman at the Royal Courts of Justice, Strand, London WC2A 2LL on Monday the 2nd day of December 1991. ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of Capital should appear at the time of hearing in person or by Counsel for that purpose

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same DATED the 21st day of November 1991

Hewitt Brown-Humes & Hare
5 Market Place, Bishop Auckland
County Durham DL14 7NW
Solicitors for the above named Company

No: 0011523 of 1991
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF NORSEA PIPELINE LIMITED- and -IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that an Order of the High Court of Justice Chancery Division dated the 11th day of November 1991 confirming the reduction of the capital from £20,188,800 to £4,441,536 and the cancellation of the share premium account of the above named Company and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above mentioned Act were registered by the Registrar of Companies on the 12th day of November 1991

Dated 23rd November 1991
Clifford Chance
Royex House
Aldermanbury Square
London EC2V 7LD
Ref: KO
Solicitors of the Company

PERSPECTIVES

Revolution goes underground

The signs of change are everywhere in Moscow's metro, writes ***John Lloyd***

"ATTENTION, the doors are closing. Next stop Lubyanka."

IN Stalin's time this announcement would have sent shivers down many a Muscovite spine. The Lubyanka was the KGB's infamous headquarters and the starting point for many journeys to Siberia. The square in central Moscow has had its pre-revolutionary name returned, and the spate of renaming which is following in the wake of August's failed coup has not only meant that Dzerzhinsky's statue has tumbled but that his metro station has been purged.

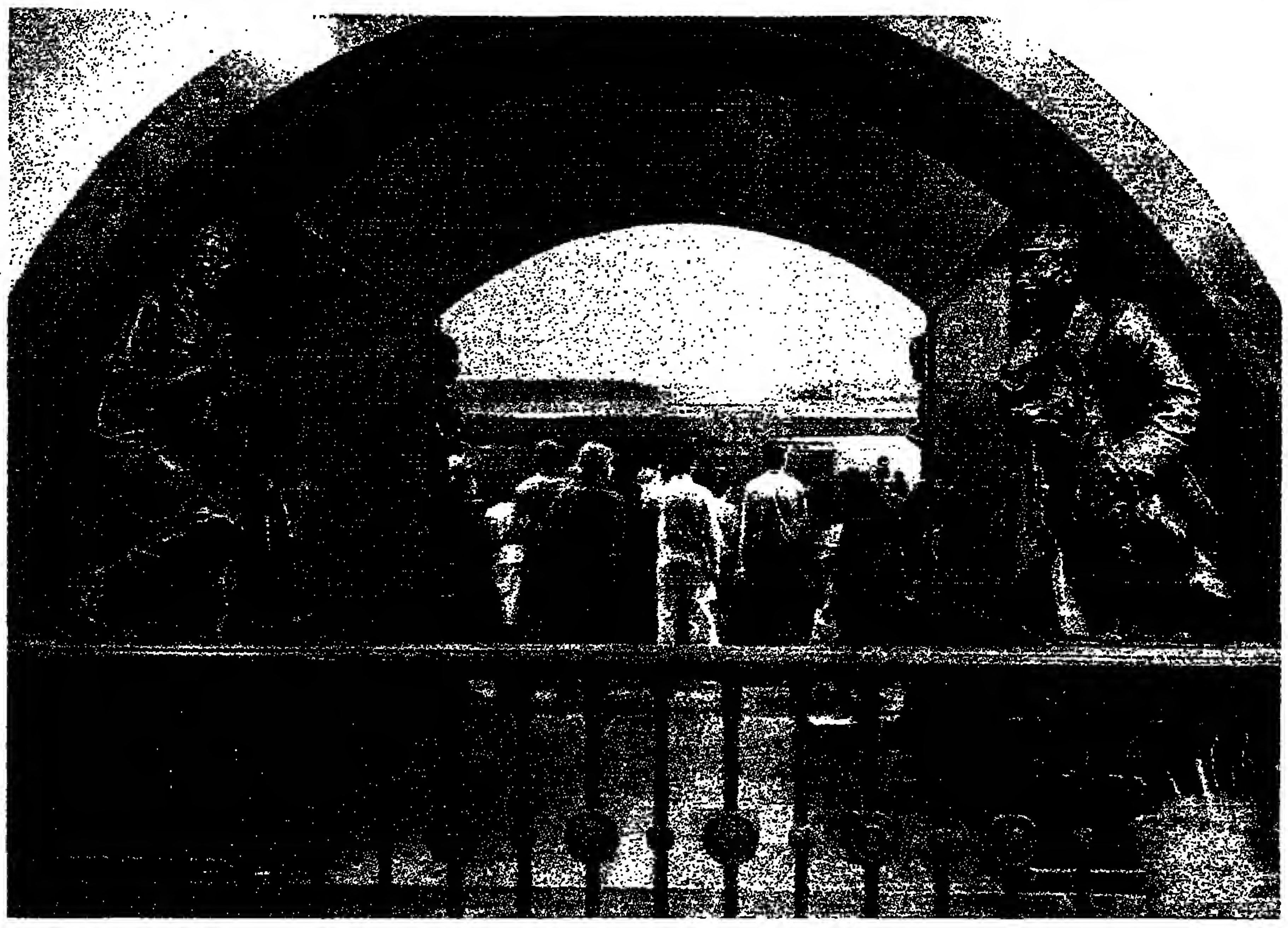
Recently, people stood on metro platforms bemused by the disappearance of their destinations. Three consecutive stations on the oldest line, which splits Moscow's centre, were rechristened. Out went Prospekt Marx, Dzerzhinskaya and Kirovskaya (the latter named after the revolutionary hero whose assassination in 1934 sparked the Stalinist purges), and in came Hunters Row, Lubyanka and Clean Ponds – all names with historical connotations too old for many Muscovites to identify.

Metro sign-makers have periodically been called into action over the years, and their efforts have been a barometer of the political climate. After all, in shoddy Moscow the metro system, perhaps the most lavish in the world, was pitilessly constructed as a jewel in the communist crown. Its extravagant design is spectacular to behold, rife with symbolism and iconoclasm. Even ventilator grates are fashioned in the shape of hammers and sickles.

This year's wave of renaming began in March. Nogin, the little-known revolutionary figure, fell victim to Mossoviet's desire to place the old region of Kitai Gorod (China Town) on the metro map. Nogin was an easy target to begin with, but even after several months not all signs had been changed to accommodate his disappearance, and the recorded announcement underground sometimes sends one to Kitai Gorod and sometimes to Ploshad Nogina.

The change does not please everyone. Historically the area might have been called Kitai Gorod but Ploshad Nogina has a familiar ring to Muscovites, most of whom are devoid of any relation to the forgotten Nogin. One veteran of the Great Patriotic War furiously vented his anger. "What is the point of spending all this money to score political points when people will go hungry this winter?"

Political point-scoring on the metro is almost as old as the metro itself. The Comintern station was renamed after President Kalinin upon his death in 1946, but has now been renamed Alexander Garden. The erstwhile Prospekt Marx, the station which designates the centre of town, began life in 1935 as Hunters Row only to be renamed after one of Stalin's henchmen, Kaganovich, in 1955. When Kaganovich fell from favour, 1961 the baton was handed to the seemingly eternal Marx. History has moved on and deprived the dialectician of his station.



All change at Kievskaia station: on the Moscow Metro all Russia's political and economic changes are visible

Stalin also fell victim to erasure, but in phases. He was demoted from two-station status in 1956 after Khrushchev denounced him. In 1961, when his body was removed from Lenin's mausoleum, his second station caught up with political times, being given the innocuous name of Semyonovskaya.

Brezhnev's era provided a lull. More than 50 stations were built from 1965 to 1985 and, while the naming did not lose its political content, it more often reflected the bloated self-confidence of the period – Highway of Enthusiasts being most symptomatic of this.

In 1989 another of Stalin's lieutenants, the ideologue Zhdanov, was scratched out, but the renaming game is ready to consume the whole system, necessitating a rewriting of the metro map. Along with the Bolsheviks Sverdlov and Sherbakov, the Collective Farm station has also gone in recent weeks.

The metro system is not only a means of communication. Within its crowded tunnels are reflected wider changes in society. Renaming has been preceded by the transformation of the showpiece of communist achievement into a subterranean marketplace in which books, newspapers, flowers, posters and theatre tickets are on sale.

Crowds huddle around piles of magazines, often detective stories or erotic tales with lurid pictures on their covers, or to buy the latest political broadsheets. Shrivelled old women lean against walls, outstretched hands cupped as receptacles for charity, crossing themselves each time a donation is received. Dotted along the passageways with these religious beggars are limbless invalids and bedraggled gipsies cradling forlorn children in their laps. Buskers playing guitars, accordions and sometimes brass provide background music.

Icons of the Soviet period are being dismantled physically and psychologically. Names are changing by decree of the city government and poverty and enterprise inhabit metro stations all over Moscow.

The process has even reached Lenin, whose three stations have been reduced to two. Mosaics and busts of Lenin still adorn numerous stations, but as the politically motivated sanitisation of the metro proceeds, more renaming is to come. One wonders how many of the statues and names which make the system a striking museum of the decorative but symbolic imagination of triumphant communism will survive.

The caviar nationalists

Krysta Freeland *enjoys a touch of luxury with the Chechen mafia*

THE EVENING began innocently enough, as a search for supper. While this is a difficult quest in any Soviet city after 9 pm, a meal seemed particularly elusive in Grozny.

At its best Grozny, the capital of Chechen-Ingushetia – which is trying to break away from Boris Yeltsin's Russia – is a gritty, unattractive industrial city tucked in the heart of the Caucasus. At the height of the stand-off with Russia the pickings were particularly slim because, as our hotel receptionist told us gleefully, local restaurants all closed at sundown.

Undaunted and famished, we waded through a crowd of chanting imams and their rifle-toting supporters in the central square outside our hotel and began to prowl the deserted streets for food. Among the muddy, dowdy Russian cars, we spotted an unusual sight – a slick Mercedes-Benz.

On the theory that the owner of such a luxurious vehicle must know where to find a decent meal, we approached the driver. He was a 33-year-old named Said, clad in trendy Western sportswear, a leather jacket and voluminous fur hat. He said it was his duty to display traditional Chechen hospitality to foreign guests. He told us to climb in.

Shouting over the rock tape playing on his exquisite sound system, Said was as cagey about his profession as he was about his surname. He told us he was a member of a Moscow "association" involved in unspecified "commercial transactions." In other words, our friend was a capo in the Chechen mafia which lords it over sectors of Russia's capital city.

Said was more forthcoming about his father's 27-year blood feud with a neighbouring clan. After killing a man for insulting his sister, Said's father slept for a quarter-century with a pistol and a knife, fearing his life would be taken in retribution until village elders mediated a peace between the families in the 1970s.

The tale of wild mountain passions matched the landscape, for we had by now driven past the sad industrial outskirts of the city and were climbing along a dirt trail through a deserted forest. After a final twist in the path we saw a new, gleaming white, two-storey building, surrounded by a moat and encircled by foreign cars.

Trailing Said, we were ushered into a world few of the hungry and tired citizens of the Soviet Union have ever seen: oak floors, sparkling chandeliers and imported furniture. We were offered a sauna or a dip in the swimming pool and shown a luxuriously appointed bedroom suite. My colleague James was offered the option of "a girl" to go with it. (Alas, in sexist Chechen-Ingushetia, no equivalent proposal was made to me.)

After the tour, a smiling hostess escorted us to a linen-covered table on the second floor and set it with Wedgwood china, silver and crystal. Drinks? Tamara offered us a choice of Glenlivet or Glenfiddich malt whisky but Said insisted we stick to Chechen-Ingushetia's own produce, a cognac called "Illi" or "Song."

A large bowl overflowing with black caviar came next, followed by trays loaded with juicy vegetables and steaming platters of lamb. The festivities began. Several of Said's co-workers appeared mysteriously and, over toasts of Illi, described their struggle for independence.

A younger one, also named Said, had taken part in hi-jacking an aircraft to Ankara, in Turkey. "We did it to let Yeltsin know that if one drop of Chechen blood is split, then all of Russia will go up in flames," he explained. With relish, he added that the Chechen "network" in Moscow and other large Russian cities would unleash a wave of terror if Russian soldiers were sent to thwart the independence drive.

Said the elder told us of a $2.5m scheme of his to build a factory in Chechen-Ingushetia. Coming up with the cash was not a problem, but getting permission from the Russian bureaucracy was. Still, Said was confident of a brighter future for his oil-rich republic. "We will be a second Kuwait. Just as Iraq wanted to grab Kuwait for its riches, so Russia is unwilling to let us go."

As more bottles of Illi disappeared, the conversation was reduced to fulsome toasts in honour of Chechen-Ingushetia's fragile victory over Russia. These were punctuated by celebratory pistol shots in the garden – a gun was produced so we could have a go – and the tinkle of crystal goblets thrown jubilantly to the floor.

My memories of the tail-end of the evening are rather hazy, but the revelry came to an abrupt end at sunrise. We slept for a while in Said's home – from the outside, a modest village cottage; inside, crammed with Western gadgetry – and his doe-eyed sister served us an immense breakfast complete with more platters of steaming lamb. Then, Said whisked us back to our hotel in his German-made magic carpet.

We were greeted by the furious head of the Chechen National Guard, Said-Mohamed, who had agreed to give us a tour of the republic's contested border regions. He had discovered we had not spent the night in the hotel, and said he had been on the verge of summoning the president of the republic to report we had been kidnapped.

Our necks were saved when Said the elder emerged from his car to bid us farewell. Our mafioso friend and the commander embraced warmly. Then Said-Mohamed explained: "He is my cousin. I hope he has shown you a bit of the true Chechen way of life." Fighting grins, we said that indeed he had. We then drove off in Said-Mohamed's bumpy, Soviet-made official car to meet the peasants guarding Chechen-Ingushetia's borders.

Plates for literary appetites

Tim Dickson *visits an unusual exhibition in Birmingham*

BOOK PLATES, sometimes called *ex libris*, are those sticky labels you can buy at the local stationer and stick in your books to identify them as your property. Or so it is popularly assumed.

Real bookplates are a lot more than mere marks of ownership pasted into a book. As visitors to an exhibition in Birmingham will appreciate, they can be works of art commissioned for and dedicated to particular collections.

The earliest printed *ex libris* originated in Germany in about 1470. In England the first known example, dated 1574, belonged to Nicholas Bacon, father of the noted jurist-philosopher, Francis.

Artists, professional printers, and even book collectors have designed bookplates over the centuries. Until recent times most of them displayed coats of arms, though pictorial motifs increased from the end of the 18th century. It was then that wood engraving – less expensive, and capable of producing almost unlimited fine impressions – made its appearance with Thomas Bewick and his school, though some of the finest work continued to be etched on copper.

This month's exhibition in Birmingham, organised by the Bookplate Society, celebrates a century of bookplate collecting. Private collections of *ex libris* (as distinct from the books themselves) started to be formed from the 1870s onward, but it was not until 1891 that the Ex Libris society was established in London. It lasted only until 1908. The Bookplate Society was founded in 1972, but claims to be a direct descendant of the Ex Libris society through the defunct Bookplate Exchange Club.

A true collector does not remove bookplates from the volumes to which they belong. But there is a huge pool of loose prints, most of them deriving from the owners, from the workshops which printed them, or from booksellers who retained the bookplates when otherwise worthless books were sent for pulping.

For some enthusiasts the main attraction is the art – not least the early bookplates of Dürer and the German "little masters", who set artistic standards which have rarely been equalled. British bookplate artists and engravers include Hogarth and Bartolozzi, as well as a large number of book illustrators since the mid-19th century. Among 20th century bookplate designers is David Gentleman, the artist and illustrator whose work has become widely known through postage stamps and the murals at Charing Cross Underground station in London.

Commissioning someone to design an individual bookplate is easy enough. (A list of artists, calligraphers, designers and printers can be found in *Modern British Bookplates*, by Professor W E and Mrs D J Butler.) The price – generally negotiable, and depending on the medium chosen as well as on the complexity of design – is likely to range from as little as £60 for a linocut or perspex engraving to as much as £400-£500 for an important piece of work on copper.

Collectors start in various ways; auction houses, book dealers, bookbinders, printers and ephemera specialists occasionally have bookplates for sale. Joining the Bookplate Society offers opportunities to buy, sell and exchange bookplates, as well as access to publications for reference purposes. The exhibition organisers guess that there may be 100,000 different British bookplate designs.

■ *Bookplates: a century of collecting 1891-1991, is at Birmingham Art Gallery until Dec 1.*
■ *The Bookplate Society, 11 Nella Rd, London W6 9PB.*
■ *Modern British Bookplates is published by Silent Books, Swavesey, Cambridge.*

The art of ownership: an *ex libris* design by Beresford Egan

As they say in Europe

The grim, unchanging story from Croatia

James Morgan *finds that Balkan blood lust has spilt into some of Europe's most serious papers*

OLD Belgrade newspapers, and I see only old ones, are as interesting as new because they are virtually the same. At the end of October *Politika* carried an account of a trip "to the front line"; most people would call it western Croatia. A journalist, Bozidar Zecevic, took Michael and Gwen Lees of Dorset with him.

Michael Lees is an old friend of the Serbs. He fought with the Chetniks, Serbian guerrillas, in the second world war and called his horse Hitler. This year he published a book, *The Rape of Serbia*, which argues that the Chetniks were ruined by a Communist-inspired campaign that ensured British aid went to Marshall Tito and his partisans. *Politika* captioned its story "Michael Lees's voice of truth from the Knin battlefront."

It was Zecevic's voice: "We met the unit of Cpt Gagic between the villages of Vuksic and Bila Vlaka. They are members of the territorial army and volunteers. They are under the command of the Yugoslav People's Army. It is obvious this is a people's army in the real sense of the word, the army which is defending its own hearth, completely devoted to its duty and determined to fight to the last man."

The Serbs told the travellers how trouble had started – they had to work in a textile factory when it went over to making Croatian flags out of "first class American fabrics". They suffered in silence "until August when the final solution started, the same as half a century ago: a third to be killed, a third to be resettled and a third to convert [to Catholicism] and become good Croats . . . The primeval, atavistic hatred was burning right here, under the thin veil of the brotherhood of unity." The Croat national guardsmen "would come out at night, drunk, and wreak havoc in neighbouring villages." They called themselves the "merry Ustashe." Those who were not drunk, said the Serbs, were drugged – the proof was in the hundreds of used syringes littering their camp – no possibility of these having been for medical purposes, I suppose.

It is not only those directly involved in the conflict who write like this. Johann Georg Rëissmuller was in fine form in his weekly rant in the *Frankfurter Allgemeine Zeitung* on Tuesday. He said that Vukovar will now be spoken of as a hero city. But "for the defenders it was not a question of heroic acts; they wanted only to defend themselves against the violence of war criminals."

Rëissmuller concluded, "The days are gone when European peoples submitted to barbaric power. One day the nations made to suffer by the Serbs will turn together against the torturers. Then blood will flow yet again."

■ ■ ■

The flow of blood has brought the crisis in the French health service to a head. Many transfusions have been tainted with the Aids virus. But much else has gone wrong too. "The result is that the crisis is such that all professions in the health sector have turned against the government."

"In the streets unions of moderate doctors pursuing the logic of confrontation with the government will find themselves alongside ultra-liberal groups who denounce the rationing of care, and hospital doctors demanding more spending."

Thus *Le Figaro* and *Le Monde* wrote about last Sunday's demonstration "against the cuts" led by health staff. *Figaro* noted, "It is clear the system does not work."

This has reverberations in Britain, where demands for increased funding and for "no rationing of health care" are heard. In France, the health budget swallows around 9 per cent of gross domestic product, compared to about 6 per cent in the UK. Health expenditure, at around £1,000 per head in France, is nearly twice as much as in the UK.

Germany spends more than France, and the US more still – 11 per cent of GDP; their system is regarded as the worst in the West. If the UK were to match French health spending, raising it by £20bn, the medical profession, the health unions and the clientele might approve – for ten minutes. But it would soon be noticed that people were still dying. The cry would go up, "the system does not work."

Governments face an impossible situation. As *Libération* put it last Monday, "With the economic crisis, the government's room for manoeuvre has disappeared. The weakness of growth in 1991 has meant a loss for the insurance funds of seven to nine billion francs (£700m-£900m) which will be added to the structural deficit. And achieving a solution by raising social security contributions is not appropriate so near a general election."

■ I have wanted to see the new Paris paper, *La Truffe*, ever since it hit the streets two months ago. Only now it is to close have I obtained a copy: the final editorial said the paper was "not a real daily, too distant from the facts, neither funny nor sharp enough, and with certain items lacking in research." I hope other papers will not do me out of a job for such trivial reasons.

■ *James Morgan is economics correspondent of the BBC World Service*

SPORT

Soccer

Confessions of a boot boy

***Peter Berlin** offers some passing thoughts on the evolution of the English game*

I HAVE a confession to make. I am to blame for the tactical changes that transformed English soccer. Most critics blanche when they see Wimbledon or Sheffield United or Cambridge United heaving the ball down the field. But I feel a glow of satisfaction. They are following the simple plan which I introduced in my two seasons as captain of the mighty Hampstead Heathens Joggers.

One of the strange things about the spread of the crash-bang-wallop approach through professional football is that its apostles claim to be deep thinkers, men who are sweeping away the sloppy romantic myths of the game with scientific analysis.

Their patron saint is Wing-Commander Charles Reep, who spent long years watching English League games and counting the number of passes. He concluded that Third Division players could not string four passes together.

The most prominent modern zealot is Charles Hughes, the Football Association's director of coaching. Hughes is a former PE teacher who made himself a figure of ridicule among sensitive fans by remarking: "We are certain that practically the whole world has got it wrong; more particularly, Brazil have got it wrong in their method of playing."

Well, you did not have to be a deep thinker to see that the Joggers, who often could not string one pass together, had got it wrong in trying to play like Brazil.

Hughes has produced a five-part video explaining his "winning formula." It is packed with statistics, brightened by goals from top sides, and free of all the usual coaching guff about how to trap a football.

The Joggers used to go training with Maurice, a PE teacher, once a week. Maurice would make us do shuttle runs, climb wall bars and hang from ropes – the Tuesday night equivalent of the army assault course on which David Basset, manager of Sheffield United, took his players last week.

Afterwards, in the pub, the lads would complain they were not learning skills such as ball-trapping. But Maurice had only to watch the Joggers chasing footballs round the gym for two minutes to realise that trying to teach us skills was hopeless.

It takes Hughes hours to explain his philosophy in the videos; it used to take me seconds before the game. "Boot the ball down the field, let's make our mistakes in their half," I would say.

Mistakes were the core of the philosophy. If a player could pass consistently to players on his team and mark players on the other team, he would soon be pinched by our fifth team for the glories of Southern Olympian League junior seventh division football.

For my part, I have great difficulty kicking a ball and standing up at the same time. I reasoned that if I was going to fall over with the ball at my feet, it was better to do it as far away from my own goal as possible. If we were lucky, perhaps an opposing defender would fall over, too.

The approach had a flaw. Booting the ball 60 yards is not as easy as it looks. I have trouble kicking the ball into the other half of the field when I am standing on the centre spot. When we did manage the long clearance, the chances were that if our centre forward was standing on the left side of the pitch, the ball would go to the right. The hardest part of even the most skill-free soccer strategy is sticking to it. That is why Wimbledon give me such pleasure.

'If you want to see flashing studs and broken legs, go and watch the international footballers at Anfield Park, not the stiffs on Hendon playing fields'

They play my system as it should be played. In defence, they are relentless. When they win the ball, they hoof it according to a plan: they know where John Fashanu will be. They swarm in support, knowing exactly where to scavenge loose balls and missed clearances. Fashanu is the highest form of park footballer. He chases every ball, teeth clenched, all elbows and knees. He scores goals with his shins. He is never pretty but aways effective.

The same is true of the team as a whole. They make the most of what they have and win because they never forget that football is a team game. There are signs that Wimbledon's cash and player shortage is finally beginning to undermine their ability to play the system. But, to widespread horror, the baton has been passed to the England team under Hughes and manager Graham Taylor.

Critics of the style confuse Wimbledon's directness and aggression with thoughtlessness and thuggishness. Fashanu has had more than his share of wild moments, but Wimbledon's games are tea parties compared with some of the demolition derbies in recent years between Manchester United and Liverpool, with the likes of Bryan Robson, Brian McClair and Mark Hughes of United battling for "the right to play football" with Steve McMahon and his sly sidekick Ronnie Whelan. If you want to see flashing studs and broken legs on a Saturday afternoon, go and watch the international footballers at Anfield Park, not the stiffs on Hendon playing fields.

On the rare occasions when the Joggers fielded an outstanding player, the system changed subtly. Instead of booting it upfield, the ball was booted to Joe. By the end of last season, Tottenham's game plan had become similarly simple: top professional footballers were reduced to fetching and carrying for Paul Gascoigne, and he took them to the FA cup final.

Watching Gascoigne gives me pleasure: the same pleasure we all gained in those fleeting moments when the Joggers played like a muddied Brazil. But those of us who have attended the gym and run round scruffy parks for years, and still cannot kick the ball without falling over, know that we should set our sights on a less laudable but no less intense pleasure: winning against a better team. I am not ashamed that Wimbledon follow my philosophy.

Playing-field hero: John Fashanu epitomises all that is best in English soccer

Rugby Union

From muddied oafs to athletic artists

***John Hopkins** looks back over three eras of rugby and argues that this one is the best*

MY RUGBY watching career goes back more than 30 years and spans three distinct eras. Of these eras, the current one is by far the best. Wherever you look, rugby is enjoying a boom such as it has never known. More people are playing it – and not just boys and men. A women's world cup was held last April.

Many more are watching the game that Tony O'Reilly describes as "having a very low sleaze factor." The England v Australia final in the recent World Cup was watched live by viewers in 40 countries and beamed for later transmission to a further 30.

The leading players are light years from the stars of the game as recently as ten years ago. Men like Will Carling and David Campese are contemporary heroes, as comfortable peering from the front cover of *Esquire* or modelling on Page 3 of *The Sun* as on the pitch.

The first game I remember watching was a Varsity match in the mid-1950s. I was allowed to go to the house of a neighbour in the village in Gloucestershire where I grew up to watch the flickering black and white picture on television. Two dark blues named Onllwyn Brace and Mike Smith sliced open Cambridge with a new move called the scissors. One ran one way, the other crossed at an angle and Cambridge looked bemused. Oxford won 9–5.

It was also a time of kicking to touch from anywhere on the field, a law that Clive Rowlands, Wales's scrum-half, took advantage of in a notorious game against Scotland in the early 1960s. Bill McLaren remembers that game. There were 112 line-outs and he was commentating on every one. "In his house they don't say to Clive: 'Pass the salt'. They say: 'Kick the salt'," says McLaren with a rueful grin.

Mauls degenerated into piles of heaving, steaming bodies. The game was low-scoring and static. For a wing to receive the ball only once in a game was normal; often they touched the ball only when they threw it in at a lineout.

The first era gave way to the second one, thank goodness. What marked the new dawn was a law change to prevent kicking directly to touch except from within your own 25-yard line. Hey presto, a new player arrived, the attacking full back. JPR Williams, Andy Irvine and Pierre Villepreux all came to dazzle us. This was a new game and, coincidentally and crucially, it was played at the time when colour television arrived in Britain. The primary colours of an autumnal rugby field looked captivating on screens able to catch every shade from Hockney-blue sky to Constable-brown boot or patch of mud.

In this second era came the great days of Welsh rugby. Wales could compensate for being small and insignificant by being articulate and dominant at rugby. When Wales won, as so often they did, it was only right and proper, and Max Boyce wrote a song about it. Wales won three of their eight grand slams in this era. When they lost... well, they never lost; the other side simply scored more points. And Max Boyce wrote another song about it.

Thus we arrive at the modern game, the third era, the birth of which occurred in the first World Cup in New Zealand four years ago. No one could match the All Blacks at playing the game. More to the point, many countries were made to realise they had fallen behind modern thinking and practice as demonstrated by New Zealand and Australia.

The European countries saw that physically there was a gulf between the two hemispheres. Soon every team had a coach; some had a forwards coach and a backs coach. Every team trained harder than ever. And so was born the key figure of my third era of rugby – the all-singing, all-dancing forward of which Brian Moore, the England hooker, is such a good example.

The way the game had changed in just a few years was brought home to me one autumn afternoon at a leafy ground in south London. Two second-class clubs were playing and their forwards were demonstrating skills I had not seen from their like before. They ran with the ball, they tackled, they passed. All this in addition to their core duties of scrummaging and performing in the line-out. It was a revelation.

At Sudbury, west London, last Saturday, Wasps met Harlequins in a league match, the first since the World Cup. Nearly 5,000 spectators saw an encounter that stands as well as any as an example of a game from the current era.

Five tries were scored as play moved crisply around the field, helped, admittedly, by the loss of Carling and the ensuing rearrangement of players. The French referee did not seem to be totally out of sympathy with the British style of play. He tried to clean up the line-out, whistling vigorously at the first one and indicating that he wanted both sets of forwards to move apart.

Sixteen pairs of eyes regarded him with horror and no one moved. "C'est la vie", Joel Dume seemed to say to himself, shrugging and waving play on. Nothing diminished his apparent enjoyment. He wore a smile at the end of one particularly long passage of play that left the players gasping for breath.

Rugby still has flaws. What game has not? But in my opinion one of the best of all team games is currently experiencing the best of all times; think how much better the game will be next year if the five-point try and the new throwing-in to touch laws are ratified at the International Rugby Board meeting.

MOTORING

Rover looks back to the future

***Stuart Marshall** finds much to admire in a new look for a famous marque*

ROVER'S 800 executive car has emerged from a mid-life facelift looking and going better than ever. Styling changes include a front end with a grille harking back to the traditional 1960s Rover and a raised tail giving a sleeker line and more luggage space.

Under the bonnet of the 2-litre, four-cylinder 820 models – which will take at least 60 per cent of sales – is a new T-Series, 16-valve engine delivering 136 horsepower and the promise of up to 34 mpg (8.3 l/100 km) on a journey. The 827 and top-of-the-line Sterling continue to use the 169-horsepower Honda 2.7-litre V6. Standard on the 820s is a five-speed manual gearbox, while the V6s have a Honda four-speed automatic.

Prices start at £17,495 for the 820i and the better-equipped 820si squeezes under the tax barrier at £19,245. The 820SLi costs £21,495 and the V6-engined models are from £23,495 (827Si) to £27,995 for the Sterling. Four-door saloons or five-door fastbacks cost the same.

The 2-litre and 2.7-litre models now on sale will be joined next February by three 2.5-litre turbo-diesels (from £19,245 to £23,245, depending on equipment) and a 2-litre, turbo-charged, petrol-engined Vitesse (£20,650). All the new 800 series have catalytic converters and use only unleaded petrol.

The diesels have a system of exhaust gas recirculation – developed jointly by Rover and VM, the Italian engine manufacturer – that feeds some of the waste gases back into the cylinders, resulting in cleaner emissions.

A four-speed automatic transmission is a £795 option on the four-cylinder, petrol-engined cars only. The diesels cannot have it because it is not suited to their massive low-speed torque (pulling power).

The new Rovers, particularly the entry-model 820i, look keen value – but bear in mind the extras. Anti-lock brakes add £970 to the cost of the 820i although all the others have them as standard. Metallic paint is £245 extra on every 820 and 827 – even on the Sterling flagship. Air-conditioning is part of the package on SLi versions and above; otherwise, it is another £1,200.

On some class rivals, all these goodies are thrown in. To be fair, on others they cost even more than they do on the Rovers. But it means that an entry-model 820i with ABS brakes, automatic transmission, metallic paint and air-conditioning would break through the tax barrier at £20,705.

Rover says its research has revealed two kinds of brand image in the 800's class. Ford Granadas (Scorpios) and Vauxhall Carltons are rated as managerial and functional; the BMW 5-series and Mercedes 190 as more dynamic and prestigious. The former are reckoned to be driven by family men; the latter by more ambitious individuals determined to make an impression. No prizes for guessing which brand image Rover applies to the new 800.

Is it justified? After a week in an 820si automatic (list price £19,970) saloon, I rated it a cut above an ageing 2-litre Granada or Carlton for prestige and more car for the money than, say, a comparable BMW 520i or a Mercedes-Benz 190E.

It was a lovely motorway cruiser with minimal engine, wind and road noise; but on poor surfaces there was more tyre thump than I had expected. The interior uses wood veneer trim unselfconsciously, the driving position and seat comfort are excellent, and boot space is generous.

What would the country solicitors and bank managers who drove Rover 90s in the 1960s have thought of the new 800? I think they would approve of its interior, admire its spirited (though refined) performance and marvel at its nimbleness on corners. Lovely cars though the old Rovers were, they were not seen at their best through fast bends.

The new Rover 820i: styled to evoke memories of country solicitors' Rovers of the 1960s

The best SEAT in the house

THE SEAT Toledo (pictured right) looks like a four-door saloon but is actually a five-door hatchback with an enormous luggage compartment. Slightly shorter overall than any competitor in the Ford Sierra, Peugeot 405, Rover 416 or Vauxhall Cavalier class, it has the biggest boot – bigger even than that of a Vauxhall Senator or Bentley Eight.

The cross SEAT has to bear is that many think it is still Fiat's Spanish subsidiary and that the cars it makes are elderly Fiats, modified here and there to suit the local market. Once this was not far off the mark but, so far as the Toledo is concerned, nothing could now be further from the truth. Volkswagen took control of SEAT five years ago and the Toledo is the first VW Group car to be conceived and produced outside Germany.

Having sampled the six-model range that goes into British showrooms on Thursday, I rate the Toledo as good enough to appeal to long-term VW owners as well as buyers looking for a versatile family car at a particularly modest price.

How modest? The least expensive Toledo is only £8,999. For a roomy, nice-looking four- or five-seat car with a 1.6-litre engine, power steering and sun-roof, that is a bargain. You can pay more for a Ford Fiesta or Escort, a Rover Metro or a VW Golf, none of them power-steered. All the Toledo's mechanicals are VW.

The six models are 1.6CL, 1.8 GLi and GLXi (£9,999 and £11,999), 2.0 GTi (£13,499), 1.8 16V GTi (£15,299), and a a 1.9 diesel (£9,999). All have a finger-light, five-speed manual gearbox. Build quality is up to VW's high standard though the interiors, although tasteful, are less sombre.

They are larger than a Golf or Jetta, smaller than the Passat. For driveability, refinement, ride comfort and handling they stand close comparison with any German-made VW. Early next year a two-litre automatic and a second diesel powered by a 1.9-litre, turbo-charged Umwelt (environment) engine, claimed as the world's cleanest, will be added.

SEAT (pronounced say-at, not seet) has entered the big league with the Toledo and the present cars are only the start of the story. Although no more than a gleam in the eye of engineers, one future model could be a high-performance GT4 with the Volkswagen G60 engine and four-wheel drive.

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HOW TO SPEND IT

Underwear comes out of the closet

*It's not just Superman who wears his underpants outside his trousers . . . **Lucia van der Post** assesses the craze for bustiers, mini-slips and body suits and meets the two American innovators at the forefront of a fashion fad*

LIFE IN the netherworld of underwear and hosiery has become awfully confusing. Nothing is any longer quite what it was – or what it seems to be. That girl over there, the one with the glittering sequinned bra, has not forgotten her jacket – she is flaunting one of this winter's hottest fashion items, the bustier. Her friend in the tiny, tiny mini-slip has not left her skirt behind – that IS her skirt. And as for the girl who seems to have come out in nothing but her tights and a thermal vest – what she is wearing is called a bodysuit.

Even the least fashionable female these days is wearing for all the world to see things that an eye-blink ago were usually covered up – tights, leggings, mini-slips, bustiers, corsetières, bodysuits, bodies: all can be worn outside or underneath, according to the day, the mood, the accessories.

This is where most of the new thinking and the real innovation in fashion has been focused for the last few years, which is good news for all of us, for it means we can update our wardrobes for a fraction of the price we once had to pay. Remember as you fork out anything from £10 to £100 for tights/leggings/trousers that while it may seem a lot to pay for tights, the right legwear will do more for your wardrobe than any number of new jackets.

Many of the most exciting developments come from a range created by a couple of young American women, Kathy Moskal and Sandy Chilewich, whose Hue legwear first hit British counters in September (when HTSI first brought it to your attention). Already the hosiery departments are reeling.

At Fenwick of London's Bond Street, the hosiery buyer says Hue "has made the biggest impact in hosiery since lycra. Every week I am having to place repeat orders." At Harvey Nichols in Knightsbridge, Hue legwear already accounts for 30 per cent of the bodywear business.

Go into any department store that sells Hue and you will see at once why it has created such a sensation. The first thing you notice is the colours – brilliantly hued (hence the name) including all the current seasons fads (plaids, animal prints, lots of loden etc).

The goods are open-packed with a wrap round the middle so you can see the colour and feel the texture. The paper wrap sports a stunning photograph giving ideas on what the contents will look like and how they should be worn. In the US this also means that it can all be sold in the "casual" departments, where they almost stand alone, instead of in the hosiery departments where they compete with everything else.

The Hue range comes in only one size which fits about 85 per cent of the population (at Fenwick they tried it on a girl of 4 ft 11 in and one of 5 ft 10 in and it fitted both of them) which allows the company to make many more colours without putting up costs.

It also makes it easy to buy – if you are one of the 85 per cent it fits, you just look for the colour you want. Instead of one range a season there are two, so there is twice the number of styles and ranges coming through.

Above: Sandy Chilewich and Kathy Moskal, the founders of Hue

Left: *this season's fad – tartans and plaids – here in legwear by Hue,* £11.95

Right: satin opaque tights, £8.25. Control top versions cost £8.95

Below left: frilled jersey socks for children, in lots of colours, £4.50 a pair

Far left: the smooth silhouette under the skimpy, clingy dress is probably all the model's own but most of us would prefer to team it with Marks and Spencer's Hipslip, £10.99. Black, white and beige, in two lengths, 14 in and 17 in

All that is good strategic thinking but it is the endless fund of ideas that keeps the Hue range selling. For example, Hue was first to use lycra combined with cotton. The company took elastic OUT of the top of the sock and called it the "Lazy Crew" (others copied it and called it the slouch sock). For now, there are thick opaque tights with cuffs, (£35.50) which turn what would be just tights into more of a trouser, and there are body suits (£39.95) and body tops (£26.75), all in masses of colours.

This winter's big hit is legwear combined with some form of control or support – perfect for those who are not sylph-like but want to wear leggings, short skirts or shorts. They can be worn on their own or under short skirts or tight trousers.

In January look out for Bodyshapers – a wider range of garments which offer some form of support or control. Particularly look out for Bodyshaper shorts (lycra shorts edged in lace) and Bodyshaper sheers (an all-in-one combination of lace-edged shorts, girdle and sheer tights).

The success of the company, as Sandy Chilewich puts it, "is based on the fact that we offer the customer a fashion trend in legwear. For instance, when Japanese designers like Yohji Yamamoto became fashionable only the rich could afford his clothes at $1,000 a time – but for $10 they could buy something of the look if they bought the right legwear. This season all the trends that you can buy expensively in designer clothing – plaid, animal prints, denim – we offer in legwear. We put the creative effort into our legwear that clothes designers put into their ready-to-wear lines."

The company was built the classic way – by providing the kind of legwear the two women wanted to wear themselves ("we were artists so we had a more casual way of dressing") and could not find.

Just 12 years ago they were two impecunious art students who found themselves living near each other in New York's SoHo area. One weekend they took some Chinese cotton Kung-Fu shoes, bleached the colour out and dyed them fun shades. All their friends and neighbours wanted them so they sold the lot.

Then they went to China and bought shoes in bulk. They took them to the fashion editors at *American Vogue* who loved them and gave them a whole page. That first year their turnover was $90,000 (£50,800); this year it will be $40m (£22.5m). They still own the company themselves, lock, stock and barrel, and have financed growth entirely by borrowing from family and from profits. In the last three years they have doubled their business each year.

Like all businesses there has been lots of learning along the way. "Until we hit the first $5m turnover in 1988," says Kathy Moskal, "it was hard going. Then it started to fly. We had no business background, we were artists, so we worked closely with the retailer, ensuring that our inventories weren't too high and that theirs isn't too high. When the company grew we had to learn that we couldn't only take decisions based on whether we liked something or not. We realised we had to have a basic product – 75 per cent of our lines are always basic and replenishable, the other 25 per cent provides the glamour and the fashion element."

Another company worth looking at is Rigby & Peller of 2 Hans Road, Knightsbridge, London SW3, which was once a small fuddy-duddy, old-fashioned company most famous for being the regal corsetière and which now finds itself in the curious position of being one of the most innovative. Not, of course, that this happened by chance. June and Harold Kenton, who bought it in 1982 worked hard to change its image.

They were lucky in their timing. Vivienne Westwood first showed bras worn outside sweaters in March '82 (shock, horror! from the audience) and Jean-Paul Gaultier soon followed suit. The bra came out from under wraps. Later, much later, came Madonna and her extrovert cavortings. Underwear as outerwear reached the high street.

Today Rigby & Peller has its own line, including bustiers, custom-decorated with jewels or braid at £75 a time and its wool and lycra bras at about £40 each which can be found in shops as far-flung as London (their own, Fortnum & Mason and other lingerie shops) New York (Saks, Bloomingdales), Germany, and Tokyo.

In a couple of weeks Rigby & Peller will have a new line of long-sleeved lightweight gossamer sheer "bodies" which, at £35 a time, it thinks will be a winner.

This season's hot, hot seller, at £26.50, is the Slim Slip – a combination of slip and knickers with the added bonus of "control". This little jewel of an item, in black, white or beige, has a place in almost every woman's wardrobe. The young can wear it with tights alone. Those over 35 who want to wear the fashionable short skirt can wear one underneath to give some control without showing a pantyline. Marks and Spencer does a less sophisticated version (which I would not advise wearing on its own) for £10.99 – a slip and brief together in black, white or beige and in two lengths, 14 or 17 in.

For those who are not as slim as they would like and are looking for a really flattering version of the legging look I recommend a visit to Marion Foale's shop at 13-14 Hinde Street, London W1 where there is a range of some stunningly well-cut leggings/trousers in cotton lycra at £110 a time.

There are four different cuts glorying in the soubriquets, respectively, of ski-pants, jives, beebops and joddies – they stretch to fit almost any shape and come in wonderful colours like aubergine and seaweed, apart, of course, from black.

There are also brightly-coloured polycotton versions for £89 which are tighter and give a slimmer line.

Little crackers for Christmas

***Lucia van der Post** on the world of Wong Singh Jones*

WONG Singh Jones is a small new company which specialises in importing small old things. It makes nothing itself but collects together from around the world a range of what it calls "cultural classics" – that is, products which in their own countries have stood the test of time.

Most of them, as is the way with classics, were developed to meet a real need and not to set the tills ringing in fancy shops. They usually became classics because they so perfectly did the job they were designed to do. These are the things that in the end usually bring the most lasting pleasure.

They often have the merit of being made from sturdy materials and are refreshingly free of frills. We can all think of some of our favourites – the traditional miner's lamp, the Gladstone bag, the Thonet rocking chair, the station clock.

Wong Singh Jones is the brainchild of Sophie Conran and Paul Spencer and its first five products are all from the US. It intends to expand the idea and scour countries worldwide for further classics that have not found their way to the UK before. Anybody who cannot find them locally can buy directly by mail from Wong Sing Jones, 28 Cleveland Square, London W2 6DD. Tel: 071-262-4528.

From New York comes the loft lamp, a practical clamp lamp with an aluminium shade and stainless steel clamp, photographed above – a perfect light for working by, whether at a desk, in a garage or at a workbench. Designed originally in the 1960s it comes in three sizes, small £15.99, medium £18.50 and large £19.99. From Authentics, 24 Shelton Street, London WC2, American Retro, 35 Old Compton Street, London W1 or Geoffrey Drayton, 4 Porters' Walk, Tobacco Dock, London E1.

The Linesman bag, its design unchanged for over 50 years,

The Linesman bag, a classic design from Wong Sing Jones, in three sizes from £48 to £58

is a strong heavy-duty canvas and leather bag carried by the linesmen (ie the rail and telegraph workers) during the early part of this century. It comes in three sizes, 12, 20 and 24 in, and in three colours (green, brown and cream). From £48 to £58, depending upon size, from The Conran Shop, Brompton Cross, London SW3 and Graham & Green, 7 Elgin Crescent, London W11.

From San Francisco and New York's Chinatowns come strong white waxed cardboard boxes with handles, used for the Chinese take-away – great for gift boxes and storage containers and apparently ideal, too, for the microwave. Three sizes, ranging in price from 33p to 46p each, from Brats, 62c Fulham Road, London SW6.

Carmex, of which I had never heard, is, it seems, a famous American lip balm, a favourite of make-up artists since the 30s. It would make a splendid stocking present this Christmas. Wong Singh Jones are importing it in its original 30s packaging – £1.25 from American Retro, 35 Old Compton Street, London W1.

Finally, there is a series of Prayer Lights or novelty candles used by the Spanish American communities to bring good luck in love and life. They come in glass containers embellished with silk-screened messages and images of a rather bright and neon-lit kind.

They burn for seven days and seven nights and cost £4.50 to £5.25 each. From The Candle Shop, 30 The Market, Covent Garden, London WC2, Artisan 797 Wandsworth Road, London SW8 and Graham & Green, 7 Elgin Crescent, London W11.

■ ■ ■

Hard times always seem to hit hardest those who specialise in the bespoke – whether it be tailors, carpenters, milliners or cobblers. Hard times for some, though, mean bargains for others. Timothy Everest, a tailor who operates out of modest premises in the East End of London, has put together what he thinks is an unbeatable recession offer – he will make a bespoke suit from any of 15 pure wool cloths for just £295.

He will use classic dark city cloths from houses such as Hunt & Winterbottom, Holland & Sherry and Smith Woollens, including flannels, stripes and checks. Though the materials are restricted there is no restriction on styles and shapes – Timothy Everest, who has worked with West End tailor Tommy Nutter and Malcolm Levene in the past, will help guide you on this.

Two to three weeks after choosing the cloth and pattern the first fitting is ready and the suit will be finished in another four to five weeks.

Most of his customers come from the City of London – from institutions such as Hambros, BZW, Mitsui and the like – for obvious geographical reasons but the journey to 4 Princelet Street, London E1 6QH (tel: 071-377-5770) could well be worth it for those who live or work further away.

■ There are those for whom the dressing of the Christmas tree is one of the season's most important rites, one that should never be sub-contracted out. However, those who have more money than time or energy and want a properly Christmassy Christmas may have no choice – and it is now possible to buy a designer-decorated tree.

For £200 Joanna Wood, one of London's youngest and cleverest interior designers, will provide the tree, all the decorations and will deliver it fully-dressed to the house. Many of the decorations will be hand-made and will include fresh and dried flowers.

Even those who would not dream of letting anybody else dress their tree might like to visit her shop at 48a Pimlico Road, London SW1 anyway because she has a good selection of rather special tree decorations, including, this year, some in pure silk.

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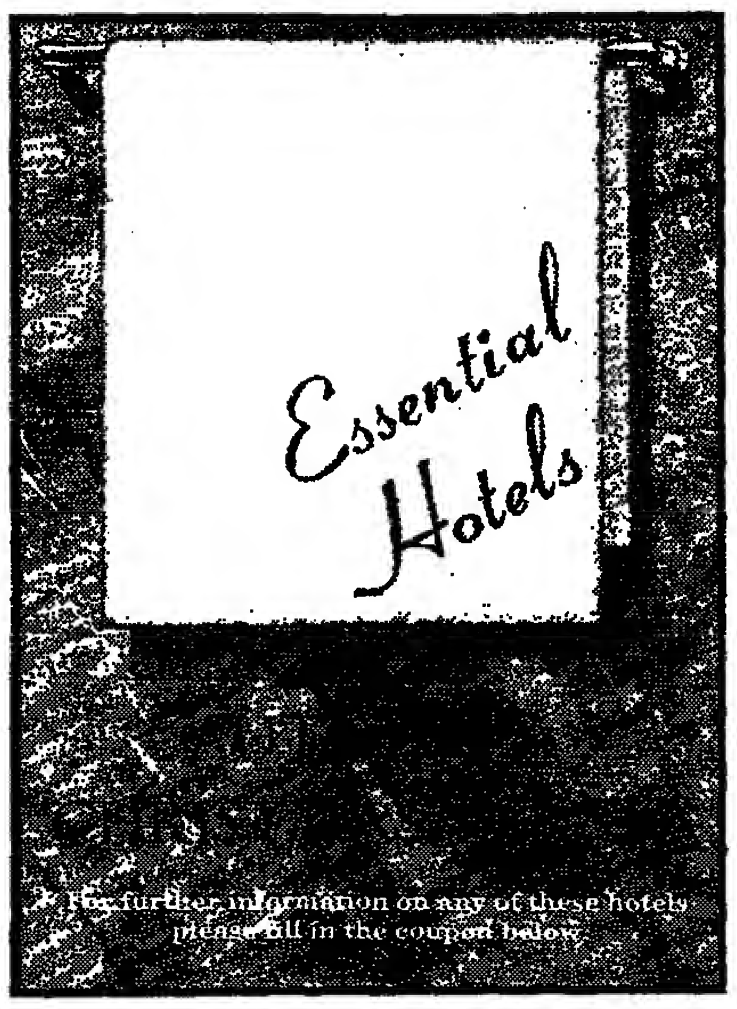

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Unearthly tour of the land of Ludwig

***James Henderson** tours the fantastical creations that were inspired by the imagination of a lonely Bavarian monarch*

STAND IN front of the palace of Herrenchiemsee in the Bavarian mountains south of Munich and you might think you were in Versailles, except that you are within sight of the Alps. The magnificent garden façade, a 100-metre sweep of rococo, is an exact copy of the French court.

The juxtaposition of Bourbon luxuriance and Alpine peaks is extremely odd, though. There is a mad grandeur about it. It feels almost like pastiche. Herrenchiemsee was the creation of Ludwig II, the reclusive king of Bavaria who ruled towards the end of the last century. The palace was one of the toys of his imagination, a tribute to his passion for the French Bourbons. He managed to bring it to earth because he was king.

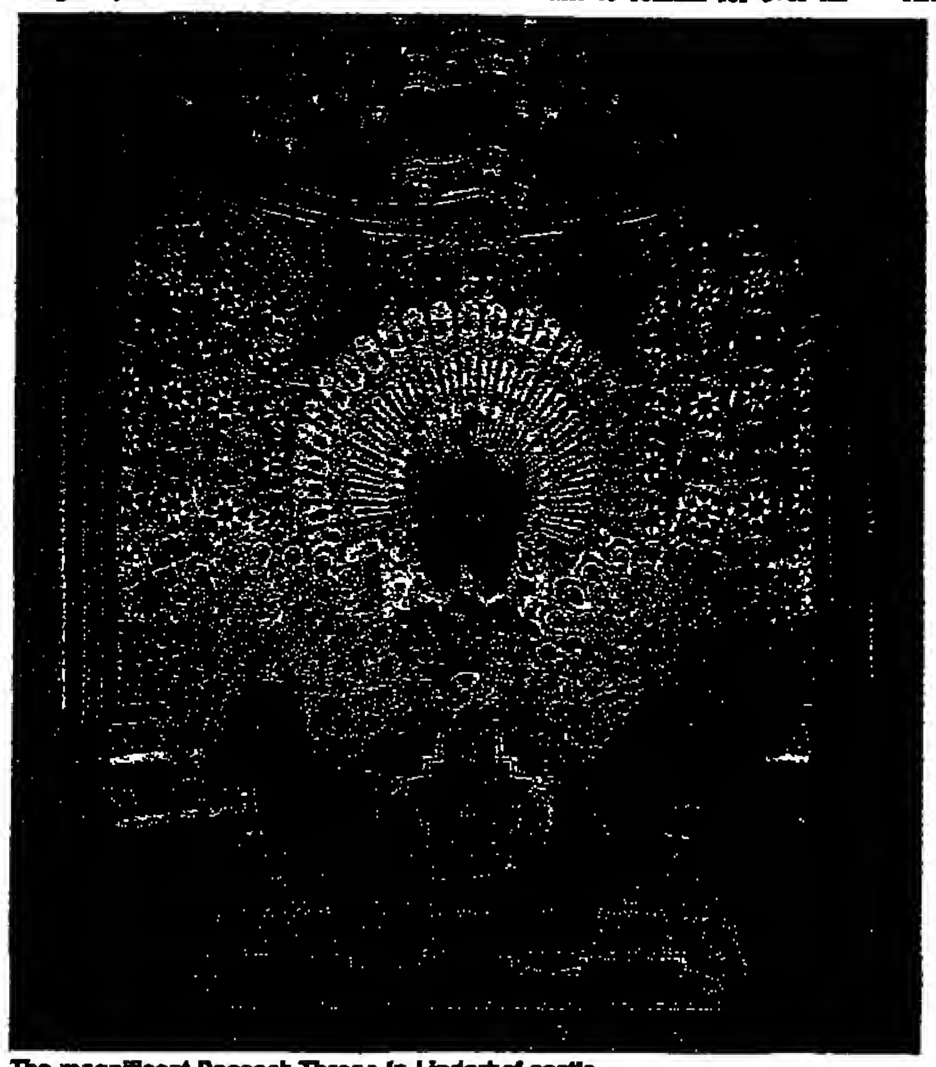
Herrenchiemsee was the last and most extravagant of his castles, more elaborate even than its original. The glittering Hall of Mirrors is longer by six metres. It is lit with more than 2,000 candles and drips with gold. The palace had some innovations, including an early skylight and a single toilet (Versailles had none; instead, there was an abundance of flunkeys with chamber pots), but, like the king's other buildings, Herrenchiemsee was mostly copied. The overwhelming impression is of almost absurd luxury – far more ornate and sumptuous than Versailles itself. Yet Ludwig lived there for a total of 10 days.

To be a reluctant king must be an unenviable duty. Ludwig II came to the throne from the longest-ruling family in Europe, the Wittelsbachs, who had reigned around Bavaria for nearly 1,000 years. But he hated the ceremony of kingship; every duty was a trial; he loathed public life.

He would command theatre performances for himself alone and at court dinners would set up a barrier of flowers so that he could not be stared at. He hated to be a spectacle: "I want to remain for ever an enigma – to myself and to others." Despite his power, he was a slave to the curiosity of his subjects and in this he seems somehow to have been pathetic and defenceless.

His every pleasure turned to disappointment. His first passion was the music of Wagner. When the 18-year-old Ludwig came to the throne and sent his ministers to seek the composer out, Wagner was in despair, hiding from his debtors. *Lohengrin* had moved Ludwig enormously, so the king patronised Wagner, taking care of the composer's not inconsiderable earthly needs so that he might be free to continue his work.

Without this support Wagner's later works might never have been written. But after a few years of rapture (to judge by the overwhelmingly sentimental letters that the king wrote to the composer), Wagner scandalised the citizens of Munich and was forced out of the town.

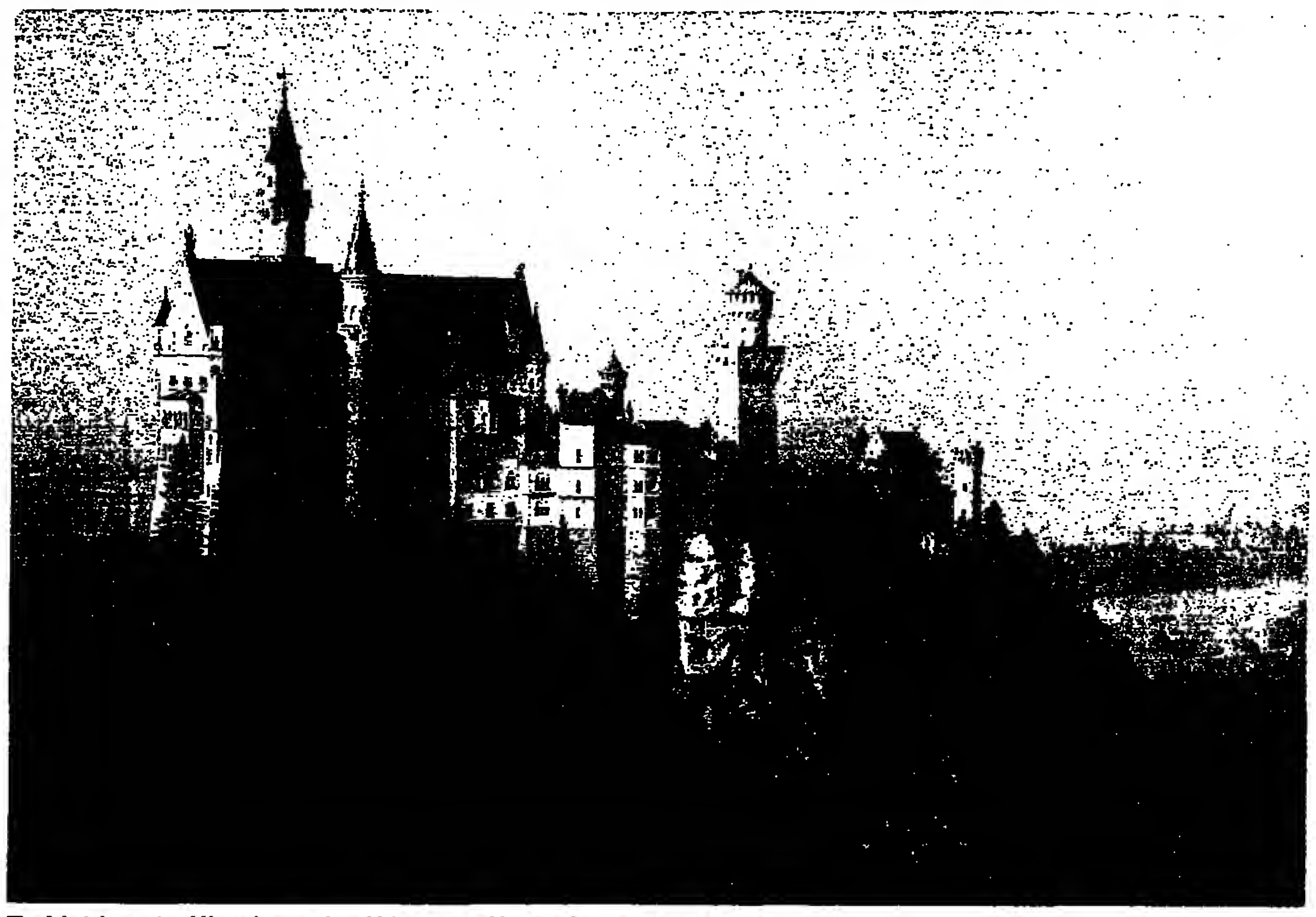


The magnificent Peacock Throne in Linderhof castle

After the rift, Ludwig turned to building to vent his despair. Without Wagner near to him, Neuschwanstein became a shrine to his operas. It is set in the Swan country south of Munich, a medieval fairy-tale castle situated on a forested crag, turrets everywhere, framed by mountains one side and overlooking the charming Bavarian flatlands on the other. The best view of it is from a hang-glider or helicopter, though a flying car might do (Neuschwanstein was used in the film *Chitty Chitty Bang Bang*).

The walls are covered with murals from the operas and German legend: the *Nibelungenlied*, the *Tannhauser* saga and *Tristan and Isolde*. Everywhere there are oak doors, wooden panelling and robust romanesque columns in marble, almost a forbidding, medieval domain. But it was far more luxurious than any medieval castle, with central heating roaring away. Ludwig employed the finest craftsmen in Europe to create his vision. His four-poster bed was so ornate it took 14 carvers 4¼ years to complete.

The most important room in the castle is the Singer's Hall, where vast crown chandeliers and candelabras like trees set the scene for *Parsifal*. But Ludwig's minstrels never sang there (only on the 50th anniversary of Wagner's death was the first concert staged). Like Herrenchiemsee, Neuschwanstein was never completed. Only 17 rooms were finished by the time Ludwig died, and building stopped at once.



The fairytale castle of Neuschwanstein, which in spite of its grandeur remains unfinished

The only castle to be finished was Linderhof, Ludwig's favourite, set in the Graswang valley near Oberammergau. The king had known the area since childhood and only here did he feel free, released from the constrictions of the court.

For weeks he would refuse to see his ministers; then, suddenly, he would convene his government in a field, asking passers-by their opinion of matters of state. He was happy among the farmers and simple folk and was liked by them; they called him the *Alpenkonig* (the Alp-king).

As Ludwig retreated increasingly into the mountains, so he released himself further into his dreams, perhaps also into the madness that afflicted the Wittelsbach family. He would sleep by day and roam the country by night in his swan-shaped sleigh.

Linderhof is a copy of the Petit Trianon at Versailles, a riot of French Enlightenment finery, another tribute to the Bourbons. As you enter you pass beneath an explosion of gold rays from the Sun King's face. Here Ludwig would dine on a table that rose through the floor from the kitchen below, so that he did not have to see the faces of his servants. Instead, he kept the busts of Louis XIV and Marie Antoinette for company.

The largest room in the house is the state bedroom. Outside the window a river flows down steps. If the noise was too much, he could have it turned off. The bed is magnificent, my favourite anywhere, 9 ft by 7 ft and with a 30 ft headboard, gold thread on blue velvet, embroidered by nuns.

His castles were to be Ludwig's downfall, for he spent his own money and demanded cash from the Bavarian government to continue his building. His plans became more and more outlandish. There was to be another medieval fairy-tale in stone, Falkenstein, higher in the mountains, and a mock-up of the Winter Palace in Peking, where Ludwig and his retinue would wear Chinese dress. By this time his architects realised that nothing would be built and gave full rein to their imaginations, to the king's delight.

Eventually his ministers pronounced the unfortunate king unfit to rule and had Ludwig incarcerated. The Dream King had lost his freedom to dream and to roam the mountains that he loved. Within days he was found drowned.

His castles are more remarkable for their oddity than for architectural merit – and yet, as he was led away under guard from the bedroom at Neuschwanstein, Ludwig's parting cry was that the sanctuary of his rooms should never be profaned by the inquisitive. The first tourist appeared within a year of his death.

FOOD AND DRINK AT CHRISTMAS

Jancis Robinson trawls the high streets of Britain in search of the best wine, sherry and port buys and finds some exciting treats for the holidays

A chain-store Christmas

THERE have been some big changes on both the high street and the greenfield sites where supermarket trolleys roam. Wizard is still digesting Majestic while Thresher has absorbed Peter Dominic and Bottoms Up, overtaking Sainsbury's as leading British wine merchant. The chains' predominantly female wine-buyers seem to have been shuffled almost completely and re-dealt, with the result that the ranges at Asda, the Co-op, Gateway/Somerfield and Tesco have been revamped substantially.

At long last, the brewery-owned chains are giving the grocers some serious competition. Best value at both is in bottles under £6. Best-value fizz anywhere is Australia's widely-distributed Angas Brut Rose at £5 plus and Yalumba Pinot Noir-Chardonnay at £1 or so more. Another widely-sold good buy is Viticoltori dell'Acquese's scented dry white Cortese at £3.95.

Please note that, in general, the most interesting lines are often available only at the biggest branches.

■ Oddbins

However do they do it? With the occasional threat apparently, but the wine drinker in search of individuality at a fair price will presumably be more interested in the flair demonstrated by Oddbins' young buying team.

Whatever the means, the result is a selection of unrivalled excitement and flexibility, including their continuing "seven for six" fizz offer and well-priced 1989 clarets, thoughtfully offered by the single bottle long before those of us who paid for full cases *en primeur* will see them.

In addition to the wines below, look for Vouvrays from Domaine des Aubuisières, Kreydenweiss Alsace, Penfolds Australians, Domaine de Ribonnet Chardonnay and reds and Bonny Doon Californian offcuts for good label jokes. Oddbins now has 157 branches but not many in north-eastern England.

Whites: Barossa Valley Estates Chardonnay 1990, £3.75. There is no shortage of cheap Oz Chardonnay elsewhere but this one is livelier than most – *citrus soda pop?*

WW Dry White, £3.99. A typical Oddbins conceit, giving customers what it thinks they might like rather than what *they think they want*. This lime-flavoured, sprightly off-dry wine from Wirra Wirra winery seems oddly familiar to admirers of Australian Rhine *Riesling, in spite of its package* designed to make it look like fashionable Chardonnay or Semillon. The Riesling that dares not speak its name.

Schinus *Molle* Chardonnay 1990, £6.49. Serious stuff; much more delicate and burgundian than most Australians.

Chassagne-Montrachet Premier *Cru Les Vergets* 1989, *Jaffelin*. £19.99. The Burgundian imperative is to get some of the great white 1989s into one's cellar. Chez Oddbins you can buy *just one classic bottle and this* should be it: creamy, long, very promising and scarce.

Reds: Crozes-Hermitage 1989, Alain Graillot, £6.99. The new star of this northern *Rhône* appellation (also sold by Lay & Wheeler of Colchester) makes much juicier wines than his neighbours. This one is deceptively fruity; *it has great potential too.*

■ Thresher/Wine Rack

Already the best and now the biggest of the brewery-owned off-licence chains. Whitbread's graft of Peter Dominic and Bottoms Up on to its own much-improved Thresher chain and specialist Wine Rack shops, makes it the UK's dominant wine merchant with 1660 stores. If it can breathe new life into Peter Dominic, the lot of the British wine enthusiast should be improved, but only if a tendency towards robust pricing is curtailed. Look for the words Wine Shop (rather than Drinks Store) to denote particularly wine-minded Thresher outlets.

Whites: Manzanilla Barbadillo, £4.49. Much the best value light dry sherry and, thanks to its unfamiliar name, there may even be some left, in spite of this Christmas's strike-driven sherry drought.

Waipara Springs Chardonnay 1990, £8.49, Wine Rack only. The most exciting wine at the pan-New Zealand tasting in London. From the middle of the South Island, a very attractive, *hand-crafted riposte to* fine white burgundy. Hunters of Twickenham lists the excellent Pinot Noir at £9.95.

Ch Les Hebras 1990 Monbazillac, £4.49. *Devastatingly delicious*, none of the barley sugar and burn more usually associated with Monbazillac but a lovely ripe mouthful of ripe *Semillon more reminiscent of* Sauternes – except for the price.

Reds: Claret 1990, Univitis, £2.99. Awful label but lovely *clean ripe fruit. Serve now.*

Ch de Laurens 1989, Faugères, £3.99. A superior offering from this Languedoc *appellation*. Lots of sweet Grenache *flavour, and an alcoholic* strength of 13.5.

Barolo 1985, Fontanafredda, £7.99. Not for A-level students of the great Nebbiolos of Pied*mont but an easily, approach*able full-bodied example with its characteristically charred scents of autumn.

Ch Moulinet 1985, £29.98 for three. This *special but limited* Christmas offer also applies to the tougher 1986 vintage and is an example of nifty pricing that should be more widespread in the wine trade.

Dow Crusted Port, £10.49. The Thresher buyer admits gloomily that this connoisseurs' port would probably sell *better at double the price*. Bottled in 1986 from a blend of superior young ports, this has the fire and richness of a full-blown vintage port as well as the hassle of having to decant it. But, it is mature enough to drink and at a bargain price.

Fonseca Guimaraens 1978 and 1976, £16.59 and £17.59. Wonderfully rich, full and ready – and much cheaper than the more famous name and year combos.

■ Safeway/Presto

The supermarket with the most exciting selection by far, although the best bottles can be found at only the biggest stores. Strong on organic wines but that is by no means all. Sufficiently imaginative to have their cheapest New World wines shipped in bulk to France to take advantage of superior French bottling, and boxing, expertise.

Whites Terrale 1990. £2.75. Those who have already *enjoyed the fine Sicilian Terre* di Ginestra at Blayneys, Gateway, Morrisons, Oddbins, Tesco, Unwins and Waitrose can enjoy much the same crispness and pear-like character in this second, much cheaper label.

Chardonnay 1990, Vin de Pays de l'Ardèche, £3.99. Well-made, light-bodied example made to a Burgundian rather than New World recipe by the local co-op in the Rhône Midlands.

Chardonnay 1990, The Millton Vineyard, £9.85. The star of an organic tasting from a couple of New Zealand biofanatics. Would stand comparison with any Chardonnay at this price but available only at Safeway's top-third outlets.

Reds: Terrale 1990, £2.65. Tangy, lively and refreshingly low in alcohol (11.5 per cent) for a Sicilian. The red answer to the white above.

Bergerac Foncaussade 1990, £2.79. Soft and grassy. Useful character for the price.

Ch Tour de Beaupoil 1990, £3.75. Bursting with life. Clean, fresh and ready to drink. And even rarer for being an organic from Bordeaux.

Ch de la Rivière 1986, Fronsac, £4.49 a half. Excellent colour and thick, rich flavours. Difficult to imagine anyone disliking this especially good, just about ready, offering from Fronsac's biggest property.

Chateauneuf-du-Pape 1988, La Source aux Nymphes, £6.79. Rich, spicy, not really ready but delicious – and an even more attractive name than its real source, Font de Michelle.

Ch La Tour de Mons 1988, £9.75. Properly fragrant wine from this bourgeois property in Margaux. More accessible than most 1988s at the moment; fine for current drinking.

■ Victoria Wine

Showing signs of interesting life after disastrous flirtation with a "concept" called Gare du Vin. Considerable inter-branch variation. Nearly a quarter of the 800-odd shops carry a serious range of more than 400 wines; about the same proportion being of little interest to the wine enthusiast (although the finest wines can be ordered by the single bottle from any branch).

Whites: Rowan Brook Sauvignon Blanc 1991, £3.75. Unusually clean, fruity Chilean Sauvignon with neither the tartness of many Touraine versions nor the tinned asparagus pong of lesser Kiwis. Good-value palate sharpener.

Ch Monthaudes Monbazillac *1990, £4.79* a half. Bears a remarkable resemblance to Threshers' Monbazillac.

Reds: Copertino di Puglia 1987, Venturi £2.99. Negroamaro (*black and bitter*) *is the* name of the grape that made this bruiser of a wine for drinking now. Indeed the wine is dark, dry and made for food. *Lots of ripe briary fruit.*

Domaine de Rivoyre Cabernet Sauvignon 1990, £3.99. Hugh Ryman has fashioned a well-structured, oak-aged claret-like Vin de Pays d'Oc from fruit carefully grown in Cabardes, about which I wrote in September.

Beringer Cabernet Private Reserve 1985, £16.49. A stunningly voluptuous Napa Cabernet. To be ordered.

Ch Lynch Bages 1985, £24.75. Another gorgeous and approachable classic. To be ordered.

■ Asda

An ex-Sainsbury's wine buyer has managed to ignore corporate uncertainties and concentrate on assembling some pretty good buys.

Whites: Verdicchio delle Marche, £2.99. A pretty label and lots of fruit (all too rare at this price) from the Camerano co-op.

Cava, £4.75. Dry Spanish fizz. Very good for the money.

Reds: Ch de Bois de la Garde Côtes-du-Rhône, 1988, £3.62. Seriously underpriced, concentrated spicy stuff not unlike the Châteauneuf Fines Roches from the same source.

Columbia Pinot Noir 1987, £6.95. Washington State's most successful attempt to ape red burgundy to come my way. Light-bodied but very pretty, fruity and ready.

Could be served lightly chilled with cold turkey. A complete contrast to Asda's Bourgogne Pinot Noir 1988 at £5.15 which is serious stuff but no fun for at least six months.

■ Sainsbury's

A redesign is at last underway for Sainsbury's host of own-label wines but perhaps the new broom should sweep inside some of the bottles too. Among 77 wines specially selected for a pre-Christmas parade to wine writers, this *palate found far too many lacking* substance and character, especially among dry whites. The number of stores stocking each line, out of Sainsbury's 300-plus, is shown in brackets below.

Whites: La Mancha Blanco £2.49 (287). Don Cortez rides again behind this pretty awful label – the much-improved crisp, dry white Don Cortez of recent years, that is. At this price there is not a jot of subtlety, and just a little astringence but, importantly, considerable fruit has been extracted from La Mancha's Airen grape.

Sainsbury's Riesling 1989, Kesselstatt £3.95, (204). In an elegant dark blueish bottle from one of the Mosel's most quality-conscious new stars. *One of its lesser bottlings* but a lively, curranty medium-dry drink for any time of day.

Mâcon Chardonnay 1990, Domaine les Ecuyers 1990, £5.75 (214). Perfectly acceptable white to serve at a wide range of dinner parties.

Clos St Georges, Graves Superieures 1989, £5.75 (294). A particularly successful vintage of very sweet old favourite from Bordeaux. Sainsbury's claim it is not marvellously cheap, just inexpensive. Muscat de St Jean de Minervois, £2.65 a half (309) a bargain for *those who treasure memories* of Beaumes-de-Venise.

Reds: Ch St Auriol 1988, Corbières £4.15 (278). One of the leading properties in this untamed region in the Pyrenean foothills. Riper than average for the vintage; readier than average for the *appellation*.

Caliterra Cabernet Sauvignon 1988, £4.45 (all). A superior *Chilean widely available elsewhere* (Chileans produce such vast quantities). Very ripe fruit but balanced, not overblown.

■ Tesco

Tesco seems to be in a whirl of accretion with new wines from Argentina, Greece, Mexico, South Africa and even the control panel of the British Soil Association hurtling on to its shelves this autumn. "Nature's Choice" is Tesco's startling new way of distinguishing its complete range of BSA-approved products. One cannot help pondering the unnatural origins of the remainder of the wine selection.

Whites: Cuatro Rayas 1990, £3.25. A smoky, characterful, dry white up to drinking with food from the Verdejo grape of Spain's white wine region

Continued on Page

When smoke gets in your wallet

***Frank Gray** on cigars and words of wisdom*

"ONE OF the best economic barometers there is can be seen in the length to which a cigar smoker will allow the ash to grow on his cigar while puffing away," a veteran London cigar merchant observed. "A long ash indicates economic well-being; a short ash nervousness and anxiety.

"It is safe to say that we are in the era of the short ash – far too many people rapping their cigars on the edges of ash trays these days," he said.

If there is one thing the quality cigar trade is not short of, it is words of wisdom. But neither is the trade short of contradictions. The UK and the Continent are in recession, but it is one that is having only a slight impact on the trade in quality cigars, dominated as always by hand-mades from Havana.

The market niche built up in the past decade – after disastrous Cuban tobacco crops in the late 1970s, and a sharp consolidation of handling among Britain's importers – appears to be holding in the range of 5m-6m Cuban cigars per year shipped to Britain. Cuba manufactures 400m per year, exports 100m, of which some 70m go to Europe. Spain takes about half, with the balance being divided up mainly by Switzerland, Germany, France and the UK. Britain is the only one exclusively handling hand-mades.

What negative impact there has been in the last year can be laid firmly on the doorstep of Saddam Hussein and his deputy Tariq Aziz. Never mind the fact that both of them are Havana smokers, the impact of the Gulf War on the tourist trade got the year off to a slow start.

American tourists – still forbidden by the 30-year-trade embargo from buying Havanas in their own country – make up a sizeable proportion of the European cigar trade.

Suppliers this side of the Atlantic are long accustomed to pleasing their US customers

For too many years the Cubans took their customers for granted

by removing the the dreaded word "Cuba."

"The Gulf war got us off to a slow start this year. But it is getting better with the upswing in tourists now. It is a reminder just how important they are," says Edward Sahakian, proprietor of Davidoff of St James's, London.

There has been a perceptible trend towards the smaller cigar, not only in the hand-mades from Cuba, the Dominican Republic and Honduras, but in the upper end of the so-called whiff market, those quality machine-made cigarillos sold in small packs.

"Davidoff is a strong player in this market, as are such brands as Nobel," said Philip Shervington, manager of the 120-year-old John Brumfit, tobacconists in the City. "Montecristo have even entered the field with the 'mini.'"

With long business lunches becoming a less regular aspect of City and West End life, the hand-made trade has seen a fall in custom for such giants as the churchills, lonsdales and corona extras, hefty smokes of 6½ to 8½ inches – approximate smoking time one hour. Instead, some of that business has gone over to smaller types such as the 4½ inch robusto.

The widespread consumption of the big cigars – including Lord Grade's beloved Montecristo A (still the world's most expensive at £21.50 apiece) – are almost exclusively the preserve of the evening smoking trade, posh restaurants and gentlemen's clubs. Importer Hunters & Frankau is starting to capitalise on this trend by pre-paid cigar smoking banquets at about £60 per head. It has held four this year.

For too many years, Cubatabaco, the state monopoly, took its European customers for granted. A few years ago, it had a much publicised falling out with Davidoff. Davidoff withdrew from the Havana trade and put its business into the Dominican Republic.

It was feared that the Havana trade was slipping into terminal decline. But this is not the case. Dunhill has launched its eight-size range of Dominican cigars. But Davidoff is only now getting its new products around its European and North American networks, nearly a year behind schedule. In spite of the two companies' famous names the Cubans believe their impact will be small.

The Cubans, not accustomed to competition, have smartened their act by posting a man in London to solve any supply problems. Now, nearly all types and sizes of cigars produced by Cuba's cigar factories are available somewhere in the UK.

The problems posed by non-Cuban competitors are relatively mild compared with the longer-term worries about the the trade, led by what is regarded as pernicious legislation proposed for the tobacco trade in Brussels and the continuing problem of high taxes.

Until recently, cigars were allowed to advertise on television. This ended on October 2 when the UK implemented the EC Broadcasting Directive, which banned all commercials for tobacco products. EC draft proposals seek to limit all forms of advertising.

This has put question marks over the long-term future of the trade. The result is consolidation of Cuban cigar imports into the hands of Hunters & Frankau, which last year took over the handling of the Romeo y Julieta marque from Knight Brothers. Joseph Samuels sold its Cuban cigar importing responsibilities to Hunters several years ago and Dunhill has shifted to the Dominican Republic.

The Cuban cigar trade is equally unhappy about Britain's tax regime. Chancellor Norman Lamont is a cigar smoker but VAT and other duties on tobacco, held in check for four years, rose again in last year's budget. The net impact is that Havana cigars average £5 to £6 apiece, of which approximately 35 per cent is duty.

■ Information: London Tobacconists: Davidoff, 35 St James's St, SW1A 1HD (071-930-3079); Robert Lewis, 19 St James's St, SW1 (071-930-3787); John Brumfit, 337 High Holborn, WC1 (071-405-2929); Weingott & Son, 3 Fleet St, EC4 (071-353-7733); Walter Thurgood, 161 Salisbury House, London Wall, EC2 (071-628-5437); Desmond Sautter, 106 Mount Street, W1 (071-499-4866); James J. Fox & Co, 2 Burlington Gardens Old Bond Street, W1 (071-493-9009).

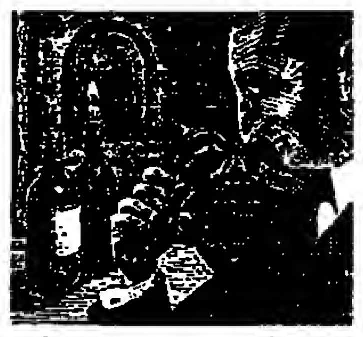
Turning over a new leaf: Juan Gomez at Davidoff

How to sniff good cognac

***Giles MacDonogh's** taste lesson*

SINCE the Second World War almost all the old cognac houses have been taken over by multinational companies but, in spite of that, the atmosphere has changed little. Making cognac requires considerable skill and the new boys would be hard-pressed to shake up the inner workings of the old firms where key jobs are handed from father to son.

The most important people in the houses are the *chefs des caves* who are the "noses" of cognac. In one major house the job has passed through seven generations of the same family.



Robert Léauthé is the "nose" at Rémy Martin. In spite of massive expansion, Remy remains a family firm and one which has little truck with compromise. Remy continues to buy a huge share of the production of the top *appellations, Grande* and *Petite Champagne*. Only these two go into Remy blends.

Léauthé was in England recently to give a lesson on tasting to the staff at Eurobrands, Remy's English subsidiary. I went along to receive an invaluable tutorial.

The first rule is the glass: do not use one of those vast balloons. "Keep this for your golden fish," says Léauthé. The best solution would be something like a sherry copita. Do not put more than ½in or ¾in of spirit in the bottom and do not swirl it about as you would a glass of wine; be patient.

Léauthé told us to hold the glasses 2in under our noses to take a first sniff; next we moved our noses down to the rim of the glass and sniffed again; the third sniff is taken with the nose in the glass; then, and only then, do you rotate the glass, breathing in the new aromas and observing the "legs" which roll down the sides of the glass.

Now comes the first sip. "Unlike wine tasters, cognac tasters swallow the spirit; this being the only way to check for bitter off-notes. A second small sip is taken to reveal more of the spirit's tastes; then the palate is rinsed with water."

We tried out Léauthé's method on a range of four Remy Martin cognacs starting with the VSOP, a six- or seven-year-old spirit made entirely from *Grande* and *Petite Champagne* grapes. Our four sniffs revealed apricots, vanilla (from the Limousin oak casks), rose petals and fresh flowers. Rotating the glass revealed authentic thin "legs"; fat legs mean added sugar or caramel. Finally, we tasted to find "rancio" or sherry-like flavours with hazelnuts and apricots.

The Napoleon is a 12- to 15-year-old blend of 70 per cent *Grande Champagne* and 30 per cent *Petite Champagne*. This cognac had the same bouquets as the last, but added to them there was more spice: cinnamon and pepper, while the nuttiness of the brandy was more intense.

We proceeded to the VO Special made from 80 per cent *Grande Champagne* wines. Here the colour had a russet tinge, a sign of a cognac more than 25 to 30 years old.

Our final treat was Remy's flagship: Louis XIII. This is a blend of 45- to 50-year-old cognacs from *Grande Champagne*. Being so old it contains more of the aromatic Folle Blanche grape which has virtually disappeared since the Second World War. This cognac, Léauthé warned us, could last for up to an hour on the palate. The colour was predictably red to mahogany while the spirit was more viscous, attesting to its concentration: cognac loses 3.5 per cent of its plume per annum in cask so over 50 years very little remains. Once again the same aromas were there but enhanced by narcissus and walnuts, iris, violet, cedar, pine and pear.

We then turned to the anonymous competitor: the sugar and caramel adulteration was obvious. We all reached for the Louis XIII and sent the last few precious drops into the furthest recesses of our palates: taking away the nasty taste had its advantages.

■ *Information: expect to pay around £28 per bottle for Remy Martin VSOP. Napoleon is not sold on British markets but you may obtain the XO Special from Harrods for £95. The Louis XIII will set you back £800.*

FOOD AND DRINK AT CHRISTMAS

Fishy dishes, in the raw

***Philippa Davenport** wonders why we tend to dress up our seafood for dinner*

WHY IS IT that those who still breakfast are happy to eat whole fish while at dinner we are invariably offered first course fish denuded of beads, tails, skin and bone?

Little brown trout wrapped in bacon, bright-eyed herrings dusted in oatmeal and fried, plump kippers smokily grilled or jugged – all are considered right for breakfast but unsuitable for dinner.

Does squeamishness develop as the day progresses? Or is it etiquette? To earlier generations the dinner gong signalled "all change". Just as the gentry dined white or black tied and silk frocked, so first course fish was expected to come to table in showy display.

These recipes obey the dinner table custom of serving bowdlerised fish prettily presented but, given the times, I have eschewed lobster and sole in favour of modestly priced offerings.

HERRING ROE CREAMS AND FENNEL AND LIME BUTTER SAUCE
(serves 6)

This is rich, hence the small portions, and easy. Preparations for the creams and their sauce can be done ahead.

For the creams: ½ lb soft herring roes; 2 scant tablespoons thick cream or *fromage frais*; 3 egg whites; a generous seasoning of freshly toasted coriander seeds reduced to a powder.

For the sauce: half a shallot; the zest and juice of 1 lime; a good pinch of fennel seeds; 1 to 2 tablespoons fresh chopped fennel (leaves of herb fennel or the fronds of bulb fennel); 1 rounded tablespoon thick cream; 6 oz concentrated or unsalted butter, diced and chilled.

Check that the herring roes are perfectly dry. Whizz them in a food processor with sea salt, black pepper and coriander seed. Add the cream and whizz again. Scrape the pureé into a shallow dish and work in the raw, unwhisked egg whites, bit by bit, using a fork. Chill, uncovered, for several hours.

Butter half a dozen baby ramekins or dariole moulds. Stir the chilled herring cream with a fork, divide it between the dishes and cover each with a foil lid.

To cook, place the dishes in a roasting pan containing enough hot water to come halfway up the sides of the dishes and bake at 325°F (170°C) gas mark 3 for 25-30 minutes or until creamily set. Exact timing depends on the size, shape and material of the dishes. When cooked, remove the pan from the oven but leave the creams in the hot water bath to keep warm.

To make the sauce, chop the shallot and cook it in a small pan with the bruised fennel seeds, 1½ tablespoons lime juice and 3 tablespoons water until reduced to 1 to 2 tablespoons. Strain and return to the pan.

To finish the sauce, stir the cream into the reduced liquid. Let the mixture bubble up and blend syrupily. Turn heat very low and gradually whisk in the chilled butter, letting each piece melt and become absorbed by the sauce before adding the next. Add the lime zest and chopped fennel, season with salt, pepper and lime juice to taste.

To serve, unmould the herring creams, pour the sauce over or round them and garnish with sprigs of herbs.

MUSSEL SOUP WITH SPINACH AND SAFFRON

Colourful and well flavoured, this will serve six as part of a dinner party menu.

3 lb mussels; ¾ lb young spinach; a good pinch of saffron stamens, toasted and pounded to a powder; 1 small onion; 1 celery stalk; a little butter; ¼ pt dry white wine; 7½ fl oz rich fish stock; ¼ pt thick cream; 2 egg yolks.

Clean the mussels, discarding any that are damaged or that refuse to shut tightly when firmly tapped.

Strip the spinach of any tough stalks. Wash the leaves, swirling them in plenty of salted cold water, and squeeze dry with your hands. Keep the small leaves whole. Stack the large ones and cut across into broad ribbons.

Chop the onion and cut the celery into thin crescent moons. Sweat both until softened in a knob of butter in a large soup pan. Add the stock, bring to the boil, cover and set aside.

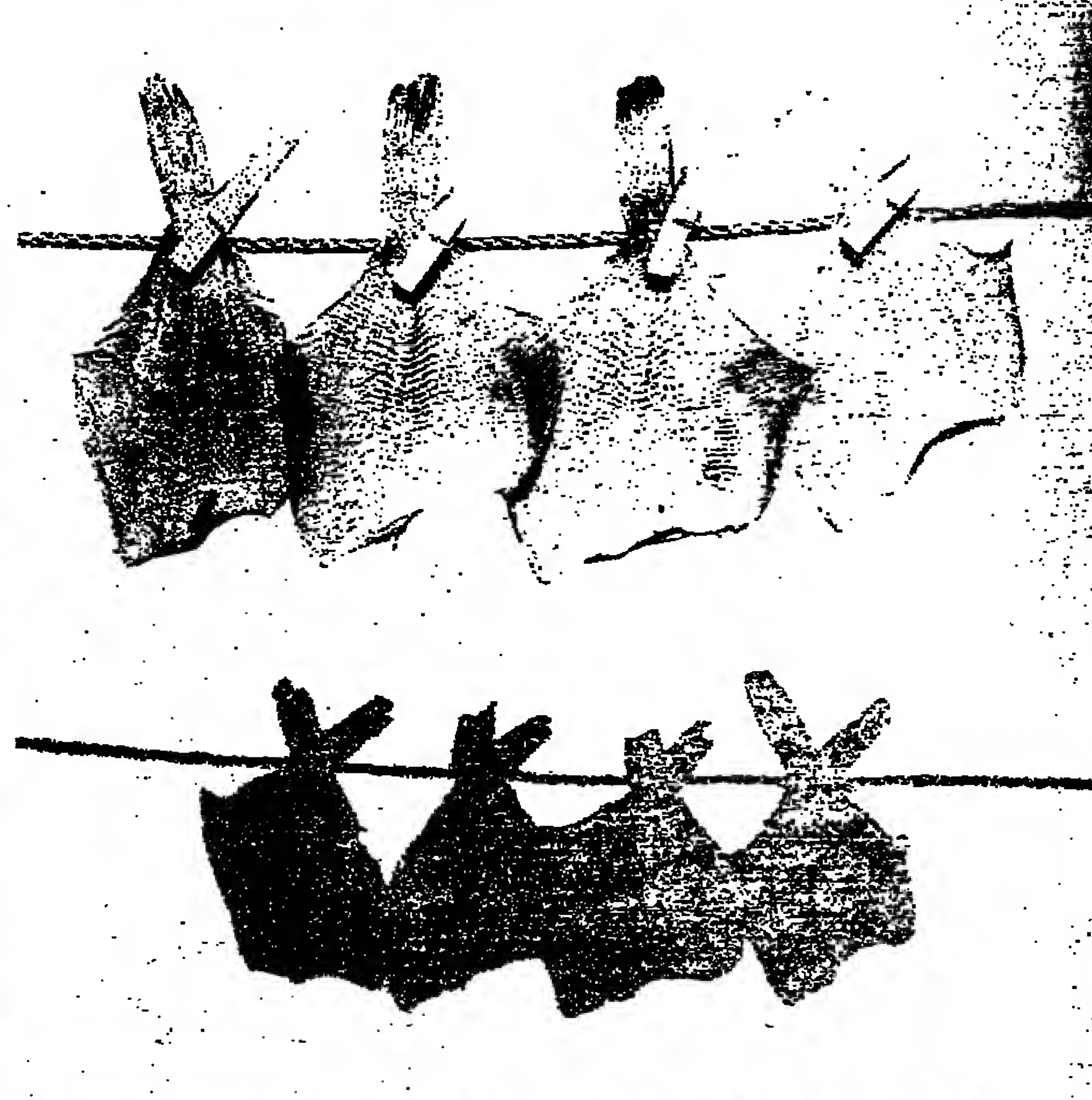
Beat the egg yolks with the cream in a cup, seasoning with plenty of pepper and a little sea salt.

Shortly before serving, bring the wine to the boil in a heavy-based pan large enough to take the mussels. Add the mussels, cover and cook briefly, shaking the pan occasionally, until they have opened.

Line a large sieve or colander with damp buttermuslin and place it over the soup pan. Tip the contents of the mussel pan into it, so that the winey mussel liquor is filtered of sand and grit before it joins the stock in the soup pan. Discard any mussels that have not opened in cooking. Shell the rest.

Add the saffron to the soup pan and bring quickly to the boil. Remove a small ladleful of the fragrant broth and blend it carefully into the egg and cream liaison.

Add the spinach to the soup pan, pushing it down into the liquid, and cook for a few seconds only – the aim is to wilt the greenery, not boil it. Keeping the heat low, add first the mussels then the egg and cream mixture and cook very gently for a minute or two to warm the mussels and thicken the soup slightly. Check seasoning and serve.



A Tessa Traeger photograph from Arabella Boxer's beautifully illustrated *A Visual Feast* (Century, £20). Philippa Davenport will be reviewing this and the year's other best food books in the *Weekend FT* shortly

It doesn't *have* to be turkey every year

CHRISTMAS is a time when we are urged to think of others and there is no reason why we should not maintain this sentiment when entertaining guests and family.

The week between Christmas and New Year provides the opportunity for planning and cooking that is often missing during the rest of the year.

In Britain, however, the food emphasis over Christmas is biased towards the carnivore. I pity vegetarians and fish eaters and hope that there is some solace among the suppliers listed here.

The fact that there is a week to enjoy the fruits of the UK's increasingly quality-conscious suppliers should stop us falling into a trap often associated with Christmas eating – gluttony. Appreciating food is impossible when there are too many conflicting tastes and too much richness.

Therefore I will not list any caviar, foie gras or truffle suppliers. Instead a more modest – but no less luxurious – recommendation. Last Christmas we bought a tub of Echiré butter. Compared with the price of normal butter it is expensive but it is the butter most commonly served in top restaurants. Everyone found it delicious and by itself it made the meal special. (Sainsbury's is selling a similar butter, Beurre Cru, at 89p for 250 grams).

At Christmas fish prices can reach record highs, for two reasons: bad weather can reduce the catch; and increased demand on the Continent, where many celebrate Christmas with fish, can lead to the export of Britain's finest seafood.

The problems of sending fresh fish by post have not been solved satisfactorily and although London cannot match Paris for the quality and quantity of its fresh fishmongers the following are among our best: Browns, of St John's Wood, NW8 (071-722-8237); Chalmers and Gray, Notting Hill Gate, (071-221-6177); Steve Hatt, Islington, NW1 (071-226-3963); La Marée, Draycott Avenue, Chelsea (071-589-8067); The Catch, Fulham, SW6 (071-736-1523); in the West End, Richards of Soho (071-437-1358) and the fish counters at Harrods and Selfridges.

Vegetarians too have the weather against them at Christmas. Rather than searching out expensive french beans air-freighted from Kenya, one way of making any vegetarian dish stand out at Christmas would be a generous use of herbs. Many greengrocers and supermarkets offer an excellent selection but Christmas may be time to send off to one of the country's leading growers of herbs for the kitchen, Rosemary Titterington at Iden Croft Farm in Kent (tel: 0580-891432, fax 0580-892416).

Smoked salmon is so closely associated with Christmas that it is no surprise to discover, talking to David Louden, of Dunkeld Smoked

Salmon, whose produce is among the finest, that the Christmas period can account for 25 per cent of a top Scottish smoker's annual turnover. His prices are, per unsliced lb, £7 for farmed salmon and £9.05 for wild and gravad lax (tel: 035-02639, fax 035-02 8760). Tay Salmon Produce also offers excellent farmed smoked salmon at £18 for a 2lb handsliced side, and smoked sea trout at £10.50 per lb.

For those who prefer their smoked salmon with a distinctive taste but of a more unusual origin Steve Downey has started Heritage Foods in Bristol (tel: 0275-462676, fax: 0275-462279). The salmon is farmed in Northern Ireland and smoked at the Severn and Wye smokery in Gloucestershire. This Glenarm salmon is reared without chemicals and retains a purity of flavour. A 2lb handsliced side costs £29.60 in a presentation case.

As to which meats you enjoy over Christmas personal taste and location have to be the two most important criteria. If you live close to a good butcher it would be foolish to wander – there is nothing to be gained from carrying around a 15lb turkey other than backache. If you want the taste and look of a more continental Christmas then there is nothing better in London, albeit at a price, than the produce on offer at Baily Lamartine, 116 Mount Street, Mayfair (071-499-1833).

There are now, it is a pleasure to say, quite a few independent producers able to offer a distinctive alternative to turkey. For Gressingham or Lunesdale ducks contact Green Label Poultry in Suffolk (0473-35456, fax 0473-358887). For boned, stuffed and cooked ducks, duck breasts, duck sausages and pâtés try Somerset Ducks Ltd (0278-662656). For farmed venison in all its many shapes and sizes – haunches, steaks, venison sausages and even veniburgers – call Nicola Fletcher at Fletchers Fine Foods in Auchtermuchty (0337-28369, fax 0337-27001). She will advise on menus and cooking times.

If it has to be turkey and you are entertaining hordes at home over Christmas then you could not be better advised than to take advantage of the produce and home delivery service of Swaddles Green Farm (0460-234387, fax 0460-234591) or Heal Farm (0769-572077, fax 0769 572839) or the Pure Meat Company (0647-40321, fax 0647-40402). The former is offering free range American bronze turkeys at £2.80 per lb, free range goose at £3.10 and a brace of free range guinea fowl at £15. Heal Farm offers a larger range of meat as well as other local specialities. These producers also offer high quality hams, stuffings and excellent sausages which can reduce the cost of entertaining.

For those who think that Christmas is all about last minute shopping spare a thought for Joyce Molyneux and Meriel Boydon, proprietors of the Carved Angel restaurant in Dartmouth, Devon. As the Dartmouth regatta comes to an end each August their kitchen begins its production of wonderful Christmas puddings. Production is limited to 800 puddings which retail for £7.50 in their original earthenware dishes from David Mellor stores, Clarkes of London, W8, Sonny's of London SW13 and Villandry ofLondon W1.

Nicholas Lander

FOOD AND DRINK AT CHRISTMAS

Thoby Young with a basket of fresh oysters

A very scaly secret

THIS IS a secret which must be shared with all those discerning foodies who are seriously interested in fine, fresh foods – readers who take a seasonal approach to their cooking but cannot always find the right ingredients.

Thoby Young runs the Fresh Food Company from a small office in Bayswater, London, and he will deliver overnight a hamper – an insulated polystyrene box – containing the finest and freshest available foods. He supplies unpasteurised cheeses from France and Ireland, unsalted butters from France, a range of about 20 olive oils, balsamic and flavoured vinegars, 13 varieties of canned anchovies and sardines, petite French chocolates and unusual coffees.

The best surprises are under the lid of his seasonal hamper, which for £80 (including delivery) will give you a spread of what tastes best and what is in season. This will include a couple of cheeses, some salad leaves such as mâche and roquette, winter herbs, a free range French Label Rouge chicken, a brace of something gamey, a bottle of oil and vinegar, fresh wild mushrooms and varieties of pears and apples from older strains such as Spartan, Melrose or Kidds Orange Red. He will often throw in a recipe – his autumn hamper included one of Toulouse Lautrec's recipes for savoury squash.

Young will also do bespoke hampers. From £25 he will pack anything you fancy, perhaps a dozen quail eggs, a bag of mixed salad leaves and some extra virgin Italian olive oil for a television supper on Sunday.

He also delivers fixed price boxes of fresh fish from Cornwall: £49.50 for 7 to 10 lbs of the catch of the day – usually about four different species of the best value and quality – or the Prime Catch Box which costs £65 for 7 lbs of a selection of fish such as turbot, brill, monk or red mullet. It is all prepared to order.

He needs a week to process the order and if you plan to send one as a Christmas present you should give him the order before Saturday, December 14.

■ *Thoby Young is at 100 Bayswater Road, London, W2. (Tel: 071-402-5414).*

Lucinda de la Rue

Vegetarian food with a touch of style

***Nicholas Lander** on an increasingly important sector of the restaurant trade*

BY 1984, I had been a restaurateur for three years and acquired a very bad habit, one sadly only too common to this profession: I was convinced that I knew exactly what my customers wanted. It took an impartial adviser – my wife – to point out that this might not be the case and that, in particular, I should begin to offer something special for the growing number of vegetarians.

It took some time for me to summon up the courage to mention this idea to the chef, who was not amused. Eventually, we decided to try out a vegetarian main course convinced that it would not be popular. It proved an instant success. The dish was praised for its taste and flavour, and its reasonable price. We were complimented on our imagination and thoughtfulness. Naturally, I did not tell anyone it was my wife's idea.

The range of the compliments this dish drew provides some of the reasons for the increasing popularity of vegetarian restaurants – probably the only sector of the restaurant trade which has weathered the recession unscathed – and of vegetarian dishes in non-vegetarian restaurants.

One of the biggest misconceptions I had was that only vegetarians would eat these dishes. The dish was chosen not only by vegetarians but also as an alternative to meat or fish by many non-vegetarians.

As we become more aware of the importance of diet to promote good health it is increasingly common to choose an interesting vegetarian dish as a main course, particularly at lunch. On the only occasion a French three-star chef visited my restaurant he chose the vegetarian main course – a choice still not available on his menu six years later.

After six months two other features of this vegetarian dish became obvious. The first was that as vegetables are considerably less expensive than meat or fish, it was possible to offer the dish at a reasonable price. It was consistently profitable. It looked good, tasted good, and did you good.

The Patel family make an offering to the fire god at their West End restaurant, the Mandeer

Secondly, its introduction made life in the kitchen considerably easier. When the main courses are fish or meat they have to be cooked by either the meat or fish section (the split is normally 60/40); in this situation the vegetable section prepares the soups and vegetables. Introducing a vegetarian main course spread the workload and made service more efficient.

According to a recent survey by the Vegetarian Society there are now 3.1m vegetarians in the UK (another 4.6m say they totally avoid red meat). This was a number likely to rise as the growth was predominantly among 11-18 year olds. On October 2 the society organised the first National Vegetarian Day supported by more than 10,000 restaurants and, more impressively, by hospitals, airports and motorway service stations; Shell UK even offered vegetarian options on its North Sea oil rigs.

London is well served by vegetarian restaurants. The first Cranks opened in Marshall Street, W1 (tel: 071-437-9431) 30 years ago and there are now nine branches; Food for Thought opened in Neal Street WC2 (071-836-0239) in 1971 and now sells its own cookbook at £8. The Neal's Yard emporium, comprising bakery, tea room, soup and salad bar is still a mecca (071-836-5199) and provides wonderful bread and a stunning array of British cheeses. Manna in NW3 (071-722-8028) has been consistently good value for 20 years.

Also in the West End, Mandeer, Hanway Place, offers an Indian self-service lunch for under £5 (071-323-0660) and a more comfortable *à la carte menu* in the evening. Mildred's in Greek Street (071-494-1634) is more recent but just as good value. In the City, Bill Sewell, a former chartered accountant, runs The Place Below (071-329-0789) with great enthusiasm and there are many Indian restaurants which offer a wide variety of vegetarian dishes. Two exciting examples are Chutneys (071-388-0604) close to Euston Station and Rani, N3 (081-349 4386).

In Plaistow, West Sussex, David Clements, a former personnel director with Bowater, now works with his wife, Liz, in her rapidly expanding vegetarian concern. She began in her domestic kitchen by supplying health food shops with take-away vegetarian dishes. This continues but from a more spacious restaurant kitchen. The Clements' also supply all the food to the vegetarian restaurant at Surrey University.

Clements (040388-246) is one of an increasing number of vegetarian restaurants around the UK likely to convert even the most die-hard meat eater. The dining room is light and attractively decorated; the dinner menu for November/December includes broccoli and Stilton soup, nut and cranberry pâte, organic butter nut squash with a savoury pecan loaf or an artichoke strudel with a red pepper sauce. The pricing is fair: dinner at £16.95 includes *aperitif, canapés*, three courses, coffee and *petits fours*.

Other good vegetarian restaurants in the UK include: Abbey Green of Chester, Cheshire (0244-313251); Quince and Medlar of Cockermouth, Cumbria (0900-823579) and Stannary near Tavistock, Devon (0822-810897).

Finally, a gastronomic scoop. There is now an excellent vegetarian restaurant in Paris. Travelling vegetarians will no longer have to cringe trying to explain their predelictions to a bemused and unsympathetic French waiter. Head instead for Aquarius at 40 Rue de Gergovie in the 14th *arrondissement* (45.41.36.88). A family I sent there earlier this year came back saying it was the best French vegetarian meal they had ever eaten.

■ **Information:** The Vegetarian Society UK, Parkdale, Dunham Rd, Altrincham, Cheshire (061-928 0793) publishes *The Vegetarian Travel Guide* at £5.50.

The 1981 claret vintage; better than expected

***Edmund Penning-Rowsell** follows an old Bordeaux tradition as he samples eight first-growths*

LOOKING back 10 years, the 1981 growing season in Bordeaux was variable with a poor spring but excellent flowering. July was depressing, but it was very hot in August and the first half of September. A little rain was needed.

The red wine crop, at 2.5m bottles, was the biggest since the Second World War – except for 1979. Today, the general reputation of the vintage is of a pleasant, well-balanced, unremarkable year, soon put in the shade by the exceptional 1982.

Prices for the 1981 first-growths opened at FFr125-FFr150 a bottle (about £190 a case in UK bond), and went ahead rapidly.

Following the old Bordeaux tradition of waiting 10 years before seriously assessing a claret vintage, a party of six (including myself and two Masters of Wine) held a dinner to sample the eight first-growths. These were served in the customary order: Haut-Brion, Margaux, Lafite, Mouton-Rothschild, Latour, Ausone, Cheval-Blanc and Pétrus. My notes were made at the table, followed here by a selection of comments made by the others.

■ **Haut-Brion:** Medium colour, nose rather closed, some tannin and lack of fruit. A bit edgy, but it developed and held well in the glass.

Malty nose (reminiscent of Shreddies, the breakfast cereal); quite dense; sweet on palate but dry finish.

Hard, bricky nose and brick-dust taste; tobacco.

■ **Margaux:** Very good colour for Margaux; typically flowery bouquet. It had an elegant flavour, vanilla. Rich and ripe for the year, but lacks length.

Exciting, voluptuous nose, with some oak; taut and dry on palate; intense cherry-red colour; crisp, good finish.

■ **Lafite:** Medium colour; restrained bouquet, but it developed in the glass. Elegant flavour – vanilla from oak – but it lacks structure and distinction.

Mature look; treacle-toffee smell; light-weight, fast-fade. Appetising but simple, with a soft, fragrant development. Nice texture and a dry finish.

■ **Mouton-Rothschild:** Very oaky on nose, but engaging. Seductive flavour, but no great length. This is a wine to drink now: chunky, savoury nose, followed by full, plump, fruity palate.

The most archetypal claret of all, with a lovely colour, good crisp flavour and some flesh.

■ **Latour:** Typically deep colour, surprisingly little bouquet, and a rather austere, unripe taste.

Colour excellent, but very little fruit. Mineral, marine flavours; vibrant. Unusually long for a 1981, but developed some oddly saline/iodine notes. A cedary, medicinal nose; dry fullish flavour, like an iron tonic.

■ **Ausone:** Good colour, and a fine, typical St Emilion nose. A fine fruity wine, but lacks distinction. It has a spicy licorice nose, and a powerful attack on the front of the palate, but a dry finish and fast-fade.

Slightly malty, fudge-like nose; good mid-palate, rather earthy, Graves-like; very dry, austere finish.

■ **Cheval-Blanc:** Full colour, rich nose, but good balance of acidity. Very full, seductive flavour; well-balanced, long.

Hedonistic, heady; intense, very ripe nose, very fleshy flavour, delicious acid balance.

Long and deep; attractive colour, very good nose, beautiful evolution. Pleasant.

■ **Pétrus:** Huge colour, rich nose, plummy flavour, not very long – a feature of the vintage.

Exceptional colour, low-key nose, marinated blackberries – perhaps just too much?

Smells of tea and tastes of treacle.

After our dinner table glasses had been refreshed, the order of preference was given by each taster, on a scale one to eight, with the lowest total first, the highest last: 1 Cheval-Blanc (12);2 Mouton-Rothschild (13);3 Pétrus (14);4 Margaux (24); 5 Haut-Brion (33);6 Ausone (34); 7 Latour (39);8 Lafite (43).

As can be seen, the top three wines scored very close together. Overall, we thought that the wines had shown better than expected. The decantered bottle of Pétrus arrived only just before the dinner.

Only one bottle of each wine was opened and decanted at least an hour in advance. As always, I must emphasise that bottle-variation can show at this age.

Examining the vines at Château Lafite: the general reputation of the '81 vintage is of a pleasant, well-balanced, unremarkable year

A chain-store Christmas

Continued from page 12

Rueda. Low label appeal.

Kretikos, Boutari £3.49. A modern, cool-fermented herald of Crete's wine future.

New Zealand Sauvignon Blanc 1991, Riverlea £3.99. From Gisborne, light, delicate, drier-than-most.

Reds: Escoubes Rouge, Vin de Pays des Côtes de Gascogne, £2.99. We usually see only the whites from Armagnac country but this is a well-made country claret made from Merlot, Cabernet and Tannat to be drunk this minute.

Ardal, Bodegas Balbas 1990, £3.39. Very stinky but very cheap. From the high plain of the Douro where Spain's most famous wine Vega Sicilia is made. Not for modernists who demand technical purity but a generous amount of character, density and colour for the price. For and with hunks.

Gateway/Somerfield

Useful back labels on this recently revived collection.

Whites: Montereale 1990, £2.79. Another well-priced crisp dry white from Sicily,

Mariscol Rioja Blanco 1988, £3.95. A triumphant blend of beguiling oaky aromas that do not overwhelm the attractively tangy fruit underneath.

Waitrose

No dramatic changes here; perhaps rather too many lines are automatically followed vintage in and vintage out.

Whites: Touraine Sauvignon 1990, Domaine Gibault £3.85. Waitrose has three more excitingly ripe, fruity Sauvignons from the Loire but this broad, flowery, flattering little number is the best buy.

Reds: Don Hugo, £2.75. Light, vanilla-sweet whisper of Rioja's faded glory.

Dame Adelaide Corbières 1988, £3.45 Full, gamey fruit. Ready to gobble.

Médoc 1989, Raoul Johnston, £3.99. Very appetising, concentrated, oak-aged claret; much better value than its Margaux counterpart at £6.45.

Co-op

The Co-op's wine cellar has been refurbished over recent years.

Whites: Australian Semillon 1990, £4.29. The most expensive but much the best grocer's version of this classic wine style. Peter Lehmann has supplied a vibrantly exotic example with real character. The 1991 will come from the same source.

English Table Wine 1990, £4.29. Price and vintage comparison with the above wine from the other side of the world is telling but, in an English context, this off-dry currant-bush fruity white from Three Choirs Vineyard is a good and well-packaged buy. Congratulations to the Co-op.

Reds: Vin de Pays des Coteaux du Quercy, £2.89. Effectively apprenticed to Cahors, this powerful purple offering from Ch St Didier has real character, if little label appeal.

PROPERTY

A sweet-scented survivor

***John Brennan** tours a 'country house' that has been bypassed by London developments*

ONE THING has been missing from the London residential market this year: the sweet smell of woodsmoke.

Homeowners and estate agents are acutely aware of the "nasal sales technique". Banning cats, dogs and children, exiling cigarette smokers to the garden and trawling rooms for hidden but ripe socks is the first step for owners keen to prevent the smell of their houses from deterring prospective buyers. Estate agents go one stage further by appealing to their clients to ban boiled cabbage, pungent curries, fried onions or any of the more pervasive cooking smells that can turn a house tour into a nose-wrinkling sprint.

But the "nasal sales technique" also involves creating positive smells. The most common are roasting coffee beans and a generous supply of fresh cut flowers, both of which help create a good selling atmosphere. However, woodsmoke rarely makes it on to the town agencies' list of selling smells. That is not because it is ineffective – far from it. Woodsmoke is a top sales aid for all country properties and a log or two smouldering in the grate does wonders for the image of anything from a cottage to a rambling Victorian pile.

The reason town house visitors rarely get a whiff of flaming logs is because the number of privately-owned London houses which predate coal fires, let alone today's unscented heating systems, can almost be counted on the fingers of a few hands. However, if the discreet sales programme for Cardinal's Wharf manages to prove the selling powers of woodsmoke in town, we may expect a winter of timber-filled grates from Islington to Fulham.

The house at 49 Bankside, London SE1, now known as Cardinal's Wharf, has been around long enough to justify its open grate. But this is such an unusual property on so many counts that the smell of a country house fire in the inner city, surprising though it may be, is only one of the time-warping factors setting it apart.

The house is an extraordinary survivor on Bankside, at the western end of Southwark's river frontage. This whole area was an established "red light" district before the 12th century, when Henry II's Parliament regulated the area's bordello, or "stews". By the 16th century there were bear gardens and a rough selection of inns and gaming houses to add to the attractions.

Bankside was a natural first base for London's new crop of theatres in the late 16th and early 17th centuries. The Rose, the Globe, the Hope and the Swan were all established along this stretch of the river, despite the reservations of Elizabethan and Jacobean theatre-owners. They had no wish to be a river away from their audiences, but their efforts to win permission to build on the north bank were foiled, in no small part by the counter-lobby mounted by Thames watermen.

The watermen argued that they would lose ferrying work if the theatres did move to sites on the north of the river. They pointed out that as they provided an important source of manpower for the navy in times of national crisis, any move undermining their livelihood, and thereby risking a reduction in the number of watermen, endangered the security of the nation.

Theatre-owners could do no more than applaud such successful melodramatics, and Southwark's Bankside remained one of the capital's main entertainment districts until after the Restoration. By then the growing respectability of drama as entertainment made it possible to develop the West End theatres.

Today's Cardinal's Wharf stands on the pre-embankment river frontage on what would have been the site for the tumble of wood and wattle, thatch and patch houses that existed here in its bawdy medieval period. The land makes up part of the site of what by the 1500s had became a substantial inn, apparently known as the Cardinal's "Hat" or "Cap". It would have been as an inn that visitors to the Bankside theatres knew the property.

It was not until the last quarter of the 17th century that the existing private house took shape. That coincidence of timing has fuelled the idea that this is the Bankside house in which Sir Christopher Wren lived at the time he was working on the reconstruction of St Paul's Cathedral.

Even if it is not true, it can be accepted as such for purely practical purposes. For one thing, any possible alternatives have been demolished long ago. Number 49 does have a few Southwark Cathedral tied houses as neighbours on one side, but on the other sits the hole in the ground that is to be, one day, the site for a replica of the old Globe theatre. For another, the view from the upper floors of the house, looking across the river to the City of London – and in direct side-on alignment to St Paul's – must be as the near the view that Wren would have seen as any we can replicate today.

A returning Sir Christopher would feel entirely at home within the house, if a little bemused by the occasional modernisation. Pinewood panelling over an oak floor leads to a staircase up to two main floors; the first with river-front drawing room and library, the second with the two main bedrooms.

Above that the roof floor, like the lower basement, strays into space that in Wren's time would have been servants' territory. Now, both add enormously to the available space. The lower ground floor has the kitchen and tracts of storage. The roof, however, is unique: here, on a roof terrace at the back of the house, this whole film-set of a property drops back into its exotic context.

To the front is the river, plus a stretch of the cobbled and paved embankment (marked in the deeds of the house) wide enough to enable an owner to park a dozen or so cars in the open, quite apart from the modern two-car garage set across the private section of river frontage.

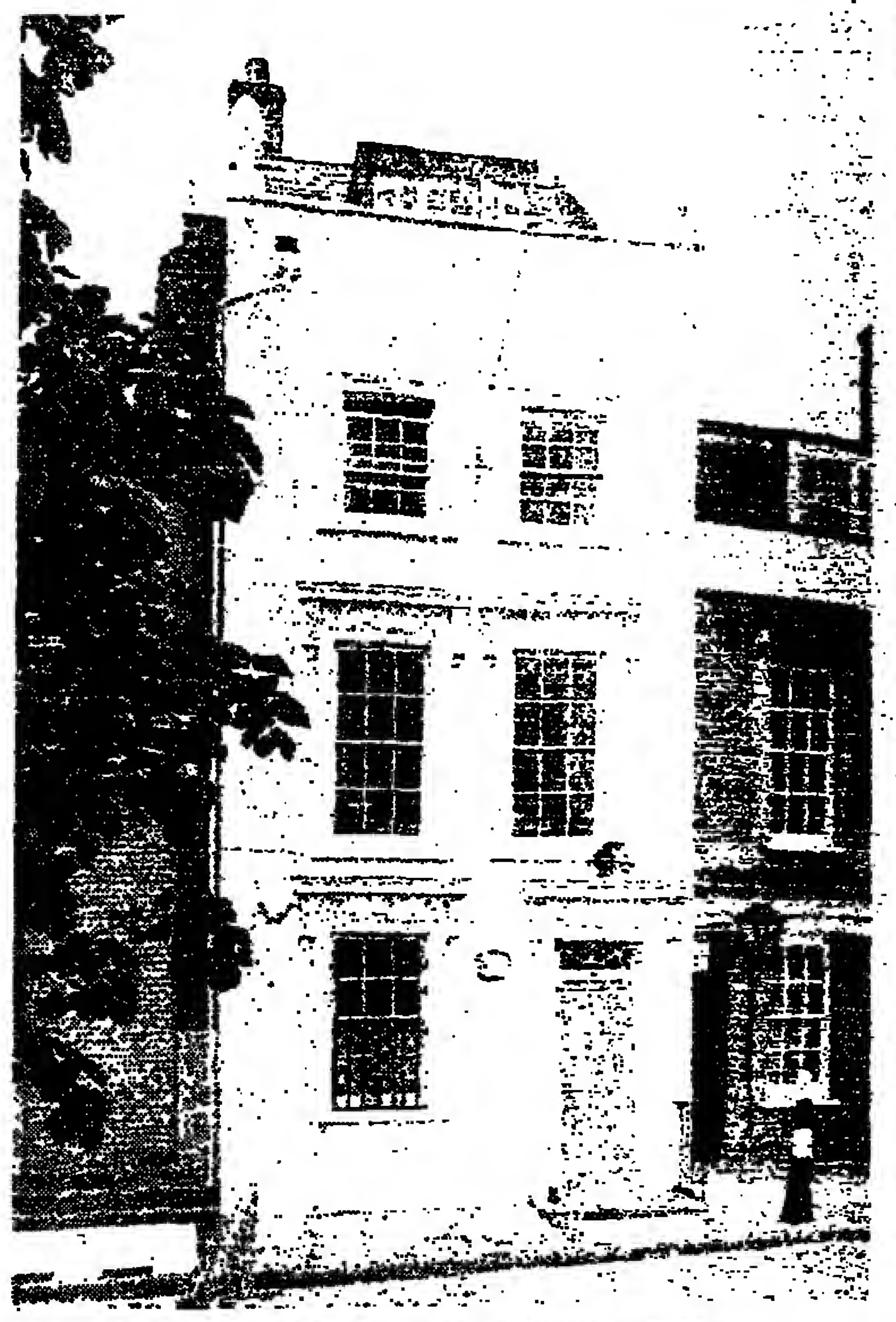
To the back stands one of the Lego-style office buildings that elicit the happiest smiles from acid-penned architectural journalists. A big slab of brick-clad steel frame with bolted-on "arty" bits like this is good for thousands of words. An arc of stunningly undistinguished modern commercial buildings is all the more striking in comparison with the brick monolith of Sir Giles Scott's now disused Bankside Power Station.

However, what a revisiting Wren and any prospective buyer would be drawn back to is the vast gap left by the new Globe Theatre site. Number 49's extraordinary terraced garden has, on the proposed theatre side, walls that rise as high as the house. These, like the house, are propped up by beams, but their future is protected by agreements covering minimum and maximum wall heights. The neighbouring buildings will not be allowed to overshadow the existing house, and there is a ban on building above the existing roof height.

The obvious question is: when might the reconstructed Globe rise from its deserted-looking concrete base? If there is any justice then the years of tireless campaigning for this project by US film maker Sam Wannamaker must pay off eventually. But justice has a habit of being a poor timekeeper. The dilemma for any prospective purchaser of Cardinal's Wharf is that a start of construction would mean a messy neighbour, while continued inactivity makes for a curious vacuum.

However, for the moment the garden's high walls and surviving tree provide a good degree of seclusion from the offices at the back. Out of office hours, with the woodsmoke rising and the house attended by the gentleman's gentleman who has looked after successive owners for years, you would feel able to choose the century you are in, let alone your neighbours.

Suggesting a price for this property is a fine balance between a guess and a complete stab in the dark. The present owner bought it some years ago, when it was on offer for well over £1m. Today, Sarah Shelley of Knight Frank & Rutley's Wapping office (071-480-6848) is trailing the figure of £625,000 for the freehold to see whether it is possible to spark the kind of competitive interest that – in a more normal market – can drive the purchase price of a distinctive country property well beyond the asking price.



Cardinal's Wharf: a small slice of history stuck in a time-warp amid the office blocks of Southwark

Peace, under an English heaven

GRANTCHESTER is one of those quintessential English country villages that sound as if they have been conjured ready made from the pages of some polite middle-class fiction, writes John Brennan. Having a Grade II-listed 18th century Mill House would be an essential part of any such fictional set-up. Immortalise the place by having a famous poet pen wistful lines about its beauties and you would have a complete set of idealised country home plus-points.

The fact that The Mill House in Grantchester, Cambridgeshire is a real, five bedroom, handsomely-maintained family house set in an acre of walled gardens overlooking the Mill Pond on the River Cam is evidence that even fictional households can have a grounding in reality. The property was pleasant enough in 1912 for the war poet Rupert Brooke to include it in his poem about his own home, the nearby Old Vicarage.

The house is roughly two miles from Cambridge city centre, with its "best time" one hour's rail service to London's Liverpool Street Station. It is one and a half miles from the nearest junction on to the M11 and 25 miles from Stansted Airport. Jock Lloyd-Jones of Bidwells' Cambridge office (0223-841842) has the freehold house and garden on offer at a guide price of £475,000.

COUNTRY PROPERTY

GARDENING

The miracle of the Thatcherite mallow

***Robin Lane Fox** is reminded of his own mortality as he contemplates the garden's winter melancholy*

MOST OF the garden is dying back but it is only a temporary death. Thistles have gone black, daisies have yellow-brown stems and flowerbeds look wonderfully melancholy. It reminds me of a fine lament by an ancient Greek poet who contrasts the death of plants and herbs with the prospects for you and me. Plants die and grow again, he remarks; but, in spite of our wisdom, when we humans die back we die forever.

Humans are not herbaceous perennials, although some of us have thought that others need staking. In the human garden, re-growth follows disaster, not death: life, perhaps, is an herbaceous border where human perennials sprout in new directions after losing their health, freedom, hearts or, naturally, their money.

Like me, the poet was particularly impressed by the behaviour of mallows. At this time of year, it would be hard not to be. Even in Britain they grow furiously, up to 6 ft high and wide in a year, and we now have new colours which have made them the height of fashion. Soon the frost will catch them, and they will look as dead as driftwood. In March, some of them will behave poetically and sprout again, but others will remain dead. So what should we be doing to them now?

Mallows fall into several botanical families, but the Lavatera is the one which is most in the news. The nation's stock of it changed dramatically in the 1980s when the white Barnsley form appeared on the market. It was a vast improvement on the common old mauve-pink which grew easily anywhere.

Like everyone else, I was enchanted by it, could hardly believe its first year's performance and spread its good news far and wide. I did not realise that it was a true plant of its times, a Thatcherite performer which would write an unusual story.

In the first winter the frosts turned it brown, but it behaved miraculously and sprouted strongly for a second year. Stems grew everywhere; the flowers were still white, flushing pink with age, and the plant reached the extraordinary height of 7 ft. It grew so fast that bits of the branches split from the base.

Nonetheless, I left it alone for the winter, expecting the usual miracle. Instead, it looked a mess and the miracle was sporadic. Bits of the plant grew again but others needed heavy pruning. In the spring I let them have it and wondered what would happen next.

Unexpectedly, the mallow worked another miracle and changed its colours. When it flowered, it was no longer white: it had become a luke-warm pink, following the pattern of Britain's floating political voters who were veering in the same direction. If there is a link between mallows and the mood of the nation, somebody ought to look into it. Meanwhile, the many buyers should know that Lavatera Barnsley is an unstable customer, like those apricot foxgloves which revert to purple after a year or two in their promised colours.

You might have wondered why I call it Thatcherite, but the story should explain that. First, there was a wild dash for growth; hype and excitement were widespread, except among its immediate neighbours in the slow lane; then there had to be savage cutting and the result was a lurch to a shade of pink.

For gardeners, the moral is clear enough. Barnsley should not be regarded as a long-lived plant, nor as a shrub for borders which need to look tidy. The best course is to take cuttings this weekend of any young shoots which are still green but which have not flowered. They will root indoors and grow next spring.

In the end, this lovely new plant is best as an informal subject where its leafiness is no problem and its winter skeleton can be accommodated. Cuttings are certainly worth the effort. One pot-grown little Barnsley tends to sell for £4 or more, although its cuttings root like weeds.

Next year, we will all be seeing and hearing more of alternatives. The white Barnsley appeared by chance in private gardens and its fine reception has brought other hopefuls from private ownership on to the market. Among the whites, there is a new one to watch about which I am undecided.

Its name is Ice Cool and it is usefully more restrained, stopping at a height of 5 ft. Whereas Barnsley has a pretty red eye, this one has a green centre; it does not wobble over into parlour-pink habits and the connoisseurs are already keen on it. To my eye, it has slightly less impact, but I need to grow it for a few years before deciding. It, too, is supposed to be hardy, regenerating itself poetically in spring. Plants are offered by Hopleys of Much Hadham, Hertfordshire, among others.

All this action among the whites has revived interest in deviant pinks. The family is prone to variations and, often, you can see how a better pink form of Lavatera has spread among neighbouring gardens without anyone bothering to show it or name it.

At the Hampton Court Show this summer, mallows in all the latest colours were available for comparison. Names ranged from Pink Frills (a smaller variety) to Candyfloss, but the one which attracted me is called Bredon Springs. Hopleys also will supply this variety and once again it is fearfully easy to grow, reaching 5 ft and lasting in flower from July until October.

The flowers are rounded and have a stronger and deeper shade of pink, which I find easy to place. I have bagged 10 bits of one plant and rooted them under polythene, a stockpile for next year's gaps in summer borders.

The subtlest form of all proves the poets wrong. There is a lovely grey-leaved variety called Lavatera Maritima bicolor, the rounded flowers of which are off-white, veined with lilac and boast a maroon-red centre. Outdoors in Britain, it refuses to come back to life and dies in winter as firmly as any of us. It belongs in a large pot or tub where it will flower throughout the summer.

My one plant, bought in July, is still flowering and is already the parent of a mass of rooted cuttings. If you have it, or can find it, pillage it this weekend for short shoots that will root quickly. It is much too good to be treated to the British winter.

Barking up the right tree

THERE was a time, not so long ago, when using wood products in, or on, the soil was regarded with disfavour. Admittedly, the product available most readily at that time was sawdust and it was used in one or other of two ways: either mixed with the surface soil to improve its texture, or spread on top as a mulch to retain moisture and protect roots from extremes of heat and cold.

Used in any of these ways – but particularly when mixed with the soil as a composting material – it was said to encourage the spread of unsightly toadstools and to lower the availability of nitrogen in the soil. This was because it increased greatly the number of micro-organisms engaged in decomposing the sawdust and, in so doing, used up a lot of nitrogen.

All these things are still true, but the wood products in rapidly-increasing demand for gardens are various forms and grades of wood and bark chips and fibres, rather than sawdust. They are arriving so quickly, in so many varieties, that I am finding it quite difficult to decide what I should choose and how much I should expect to pay.

There appear to be three major sources of supply. Most visible to the gardening public are goods from well-known commercial producers of compost and peat products such as ICI, Fisons and Board Namona, the Irish-based company. All offer products in plastic bags of various sizes and described, in most cases, as bark in some form.

The Shamrock Garden Products range, for example, has what it calls a Rustic Bark, which is said to be a coarse chip grade. Then there is Ornamental Bark (a medium chip grade) and Conditioning Bark (described as ground bark). With some other brands, it is advisable to slit open a sample bag; otherwise you are unlikely to know exactly what you are buying.

There is, however, another source of supply which seems to be increasing rapidly – in my area of south-east England at any rate. Local producers are springing up in all manner of places, notably where reafforestation is taking place and low-grade timber, particularly tree stumps, is available. This material is being processed on the spot by quite small operators which are marketing the product in open bags so you can see precisely what is offered.

One such producer near to where I live offers four grades which he calls Bark Chips, Bark Plus Wood Fibre, Woodland Mulch and Path Chips. The names are not, in themselves, helpful but the descriptions printed with them are.

Bark Chips are described as composted bark to be used as a mulch on all types of shrub borders, rose beds and window boxes for a decorative finish. This could be compared with Shamrock Ornamental Bark, marketed as a richly-coloured and long-lasting medium chip grade bark which provides decorative protection for plants in window boxes, tubs, rockeries and flower beds.

Bark Plus Wood Fibre is described as a composted soft-mulching product, a blend of bark and wood from trees' outer layers. It is available in three grades: coarse, medium and fine. The fine is more than twice as expensive as the coarse, with the medium between them. No doubt this reflects the differing amounts of energy needed to produce them, but who is to say what the relative value is in the garden?

What I require is something to spread over the surface of flower borders containing a mixture of shrubs, roses and herbaceous perennials, mainly as a long-lasting smother for weeds. I need a material that will discourage weed seeds from germinating; that will retain a loose surface so I can draw a hole through it easily if perennial weeds appear; and will also make a clear distinction between plant and bed so that I can safely and easily spot-treat with a herbicide should need arise.

It seems to me that Woodland Mulch fits these requirements best. In its production the whole tree is processed, including leaf and twig. The chipped material is then composted to give it an attractively dark colour.

The product described as Path Chips, and recommended for paths and temporary car parks, appears to be made in exactly the same way except that there is no composting. It could be used instead of Woodland Mulch – and is also three-quarters the price.

To be effective, wood and bark mulches need to be at least two inches thick. On that basis, an average bagful will barely cover two square yards. Bark mulching on a large scale can be expensive.

Arthur Hellyer

Sweet music for the tortured soul

Max Loppert admires 'Caritas', Robert Saxton's first foray into opera

VIVID, engrossing new operas are rarities. For this reason alone *Caritas* – first venture into the medium by Robert Saxton as composer and Arnold Wesker as librettist – would cause a stir wherever it was put on.

Nevertheless, since Thursday's premiere marked the first-ever collaboration between two of the most forward-looking artistic bodies in the land, the circumstances of its unveiling seem peculiarly auspicious. Opera North and the Huddersfield Contemporary Music Festival commissioned the opera jointly; the occasion also marked the opening of the latest Huddersfield Festival – though, as that city has no theatres fully suitable even for chamber-sized opera, and as nearby Wakefield has Matcham's little jewel of an Opera House, it was the latter that played host to the *Caritas* first performance.

Saxton's progression to the top rank of British composers has been assured by a stream of orchestral and vocal compositions of distinctiveness, fluency and sureness of style; more than one among them has hinted at a capacity for shaping bold dramatic gestures in music. His first opera – it is his first music-theatre work of any sort – is more than an expansion of that hint, more than a statement of promise: it is an *achieved* opera.

Written in collaboration with playwright Arnold Wesker, who acted as his own librettist: Eirian Davies as heroine Christine

Caritas, in two acts run together across an unbroken 80-minute span, keeps moving, vigorously, in a genuinely theatrical way. It is scored, for players (13) no less than singers (cast of 12, small children's chorus), with both imaginative freshness and authority; Wesker's words are singable, a point blessedly well made by their high audibility rate. It has "go" – a daring to broach a difficult, complex subject, a thorough professionalism in rendering that subject in musico-dramatic terms. The idiom, creatively influenced by Britten and Mahler, is both approachable and apt to opera. Even the handful of question-marks raised during its course tended to harden into doubts only after the performance.

Caritas is an adaptation of Wesker's play (1981) of the same name; the playwright has done stringent service as librettist, cutting hard while preserving the core for musical treatment. It is based on an historical personage – the Norfolk anchoress Christine Carpenter, immured in a cell in the 1320s, then for some reason released only to be re-immured a few years later.

By moving the period forward several decades to that of the Peasants' Revolt, Wesker attempts an ambitious marriage of themes: the failure of Christine's mystical faith (in this fictional depiction she cries to be released, is refused permission and goes mad) and the collapse of the Peasants' motivating idealism. The two are juxtaposed to show (in Wesker's words) the "pursuit of the ideal through dogmas which lead to the destruction of things human".

Whether or not this juxtaposition came off in the spoken theatre I cannot say, having missed the 1981 National Theatre production; but it seems to account for a cloudiness of purpose that one senses at the heart of the opera. The political theme and the mystical don't strike sparks off each other. In the first act, scenes of local injustices are neatly tucked in alongside the gradual dissipation of Christine's ecstasies into consciousness that she lacks true vocation; but in the second – virtually a *scena* for the mad anchoress – the impress of the outside world on that of the heroine's tortured soul disappears so completely as to leave a sense of structural imbalance.

This may also be the reflection of a limitation in Saxton's dramatic characterisation in music. While each scene is paced with remarkable expertise, employing rhythmic jabs and flurries of muscular figuration to prod the action along, the delineation of the "real" world lacks the specificity needed to forge Wesker's thematic linkage into an indissoluble whole. No great individuality marks the treatment of Christine's aggrieved family, the church figures, catcalling village children and so on – if the aim was to avoid vulgar incursions of period colour, its accomplishment might be deemed all too successful.

Where Saxton leaves a strikingly personal imprint is on the music for the heroine. It is beautifully and also dramatically written for the soprano voice. The listener gains real perception into the character and her development from the gradual transformation of her vocal style – simple and contained at the start, wildly upward-flourishing by the close; about this, the most original part of the operatic invention, there is nothing in the least loosely realised. This alone makes one anxious to see and hear *Caritas* again, and excited about Saxton's future in opera.

The Opera North production by Patrick Mason in the designs of Joe Vanek blends ruggedness, economy, and keen strokes of drama; the conducting of Diego Masson is disciplined and precise. The cast, led by Eirian Davies as Christine (infinitely touching in spite of vocal means a shade too slender), Christopher Ventris, Jonathan Best and Paul Wilson, all give powerfully delivered accounts of their roles. No doubt there will be even more confident relishing of Saxton's vocal-writing in later performances; already the ensemble is strong and well-integrated. *Caritas* is due at the Queen Elizabeth Hall next July.

The fire at Uppark: raising the 'Simon Snorkel' by Leslie Worth

Unfashionable talent

WITH THE Turner Prize for 1991 due to be run next week it is perhaps the moment to remember an old truth, that the race is not always to the swift, nor the battle to the strong. There are distinguished artists of all kinds who will never be considered remotely eligible for entry to such a prize simply because they do not subscribe to the narrow, meretricious and fashionable preoccupations of our supposed avant-garde. To them the issue is not one of novelty, attitude or style, but of quality and integrity.

John Hubbard, whose latest paintings are on show at Fischer Fine Art (30 King Street, St James's SW1: until November 29) is now 60, an American married and settled in this country these 30 years. He remains a romantic and an expressionist who has always trodden the finest line in his work between the abstract and the figurative. His source was ever the landscape, in particular the close landscape of thicket and garden, at once indeterminate, generalised yet precise of mood and feeling. Again and again, just when the work would seem to resolve into nothing but the rich mass of paint worked on the surface, so the image would reassert itself and we would be back in the garden once more.

In recent years the balance has shifted rather the other way, a case not so much of the figurative residual in the abstract as the other way about. The initiating landscape reference is clearer than ever, yet always the implications of abstraction rise again to the surface.

With these latest paintings, Hubbard has left the woods of his adopted Dorset for the hotter pictorial climate of the south. He has been to the Alhambra, and the clear reference is to colonnade, arch and narrow window high above the terrace. The landscape is as close as ever, but now of courtyard and cloistered garden, and cypresses looming heavy in the golden evening light. The space is now flatter, shallower, closed off by the architecture. The more active organic elements play counterpoint to the lively abstract dance of Moorish decoration.

In short, in John Hubbard we have an artist of maturity and high creative intelligence continuing to develop within the terms he himself has established over a long career. No one may think to give him any prizes, nor he give any thought to their winning, but he is no less distinguished or that.

As much may be said for Leslie Worth, whose recent water-colours are on show at Agnew's (43 Old Bond Street W1: until December 6). Even more than Hubbard, Worth is remote from any hope of official recognition, for he makes no gesture whatsoever towards the interests of the avant-garde. His work is entirely within the romantic tradition of English landscape painting in water-colour, set by Turner, Cox, Bonington and the rest of them and reaffirmed in every generation since.

Yet here is an irony of some piquancy. While Worth paints what might seem to be conventional images of Venice, the Australian outback, a great country house on fire, or whatever, he does so with remarkable technical authority and adventure. So much so that were these not conventional subjects – and in the polite medium of water-colour into the bargain – but with no pictorial reference and writ large across an acre of canvas in swathes of luminous colour, might they not elicit a critical interest of a somewhat different order?

For myself, I would have them as they are, modest in their radicalism and adventure, honest in their response. The painting of a London street in a snowstorm is a *tour de force*, and as beautiful in its way even as any Hokusai now hanging in Burlington House.

Agnew's Modern British exhibition is also current (until December 13) and as interesting for its scope as for its quality, with especially fine things by William Nicholson, Bomberg, Steer and Gilman.

William Packer

No handouts for heritage

Antony Thorncroft discusses the vagaries of arts funding

MONEY, money, money: it goes against the grain to say so but everyone seems to be throwing money at the arts these days. Hard on the heels of the 14 per cent increase in the Arts Council grant comes news that business sponsorship of the arts, guestimated at around £30m, actually amounted to £57m last year.

ABSA, which came up with the data, showed no shame in admitting that previously it had no idea of the size of the market it so energetically championed. Instead it will use its new, carefully researched, figure, which can be doubled when corporate promotion, entertainment and charity-giving are added, to point out to both Government and Opposition the crucial role of business as a paymaster of the arts – contributing around 15 per cent of the value of the Government subsidy of £365m.

It is a full time job collecting their sponsorship details from over 700 arts organisations, but it does throw up the odd revealing fact. Of the twelve Regional Arts Boards, only five were able to supply relevant information about their clients. One said it did not know because it had no mailing list of the companies and individuals it subsidised; this Midland based Board presumably distributes its cash by handing out fivers on street corners.

★

While ABSA produced the financial bombshell of the week the Midland Bank threw in a painless £250,000 from its Artscard Scheme. This was launched two years ago with the Bank paying 25p for every £100 you spend on its credit card to your nominated arts organisation, plus £5 for starters.

The overall figure is perhaps disappointing but for the companies it is unexpected money for nothing, especially for the most favoured arts causes. The RSC heads the beneficiaries with £19,250, followed by the Royal Academy with £17,000. The response for the 80 odd arts organisations taking part is closely linked to the size of their mailing list. More typical payouts would be the £9,200 to ENO, or Welsh National Opera, whose supporter's credit cards helped it with £5,600.

★

The performing arts did well from the Minister for the Arts 1992-93 largesse, but the heritage was poorly served. No more money for museum purchase grants – frozen now for eight years; no more for the National Heritage Fund; minimal rises for the museum's operating costs. For some reason the Government is at sixes and sevens over its attitude towards the nation's unrivalled treasure trove of works of art.

It is believed that the Minister, Tim Renton, is unhappy with the report of the Reviewing Committee on the Export of Works of Art, which was asked to come up with improvements to the current system of shoring up the heritage. Recent well publicised exports – like the Badminton cabinet, Constable's "The Lock", and the Van Dyck portrait of the Duke of Hamilton – have exposed the inadequacies of our under-funded controls.

The Minister favours the compilation of a list of unexportable treasures, the German approach. But for such a well endowed country as the UK it is argued by the experts that a list is quite inappropriate. No one could possibly tabulate the unlosable works of art, which could quickly stretch into the thousands, and being on the list would be a blow for owners, deprived of a potentially lucrative sale overseas.

The Reviewing Committee is believed to have come up with unexceptional improvements to the current system, such as an insistence that foreign acquirers of UK treasures must accept matching bids from British galleries and museums – at the moment they can ignore such offers and suffer a delay in obtaining their export licence. There is also strong pressure on the Minister to increase museum purchase funds and to change taxation policy so that selling a work of art to the nation carries real tax advantages. This is really the best solution.

But the Treasury is adamantly opposed to extra tax incentives and is undermining the existing Acceptance-in-Lieu procedures, which offer sweeteners to owners of antiques who sell to national collections. Last year, as against a theoretical £12m of tax concessions available for this purpose, just over £2m was called on.

The scheme is administered by the Museums and Galleries Commission, although there are now pressures to switch it to the Office of Arts and Libraries. This is because the MGC stands no nonsense from owners and their advisers and puts realistic valuations on works of art. For example, Lord Rothschild wanted to set a major painting he had inherited, Jan van der Weyden's "View of the Westerkerk, Amsterdam", against his tax bill. He also wanted to ease it into the National Gallery, of which he was chairman. His advisers put a value of £7m on the work, which would have written off £4.9m worth of tax. The MGM valued the painting at £4m, giving him a £2.8m reduction. The Dutch masterpiece is in the National Gallery but the MGM is suffering for its independence, and the already weak heritage safeguards are further damaged.

BOOKS

An autobiography of mankind

This new translation is the definitive English Montaigne, says A.C Grayling

THE COMPLETE ESSAYS OF MICHEL DE MONTAIGNE
translated by M.A.Screech
Viking £35, 1283 pages

ANY LIBRARY, private or public, has to contain the essays of Montaigne. Their 16th-century French is no longer accessible to most, so a good translation is required. Here, firmly displacing earlier rivals, is exactly what meets the need: a new, inviting, highly readable English version of Montaigne's masterpiece, complete in one volume.

When Michel de Montaigne inherited his father's estates at the age of 35 he decided to retire and live privately. But instead of finding the tranquillity he expected, he had a nervous breakdown. Idleness, he later said, turned his thoughts into "runaway horses". To master himself he began writing, with himself as his theme; and in over a hundred *essaies* – attempts, forays, studies – written and enlarged over the rest of his life, Montaigne's self-exploration developed into a deeply fascinating study of the humancondition.

The essays were a best seller in Montaigne's own time and highly influential thereafter. Pascal, although not in accord with everything they contain, described reading them as equivalent to 30 years' higher education. Francis Bacon, Voltaire, Hume, Hazlitt and Nietzsche were among the many influenced by them. Hazlitt praised Montaigne for being "the first who had the courage to say as a author what he felt as a man". To this day the essays remain among the appurtenances of an educated sensibility; anyone might take them down from the shelf when occasion prompts, and on every page find instruction, provocation and sheer delight.

In the first two books of essays, published in 1580, Montaigne was concerned among other things to learn how to face death with fortitude. He was influenced by the classical authors, and his essays are lavishly decorated with quotations from their works. By the time his third book of essays appeared in 1588, Montaigne's conception of his quest had evolved: what now mattered was not how to die well, but how to live well. His enquiries into human nature, as he found it exemplified in himself, had brought authority to his speculations, and as he revised and embellished his essays during the remainder of his life he grew less reliant on the classics and more certain of the need for tolerance, respect for the common man, and a deeper understanding of the human predicament.

Yet there is nothing sententious about Montaigne. His essays are wry, sceptical, quirky. Their titles give little hint of the intriguing and unexpected turnings of thought they contain; written in a conversational style, drily amusing, they wear lightly the learning they rely upon. Montaigne claimed that his work is "the only book of its kind in the world", and he is right, for although his example established the essay as a literary genre which many outstanding writers came to adopt, none (save Hazlitt) has approached Montaigne's achievement: which is, to write an autobiography of mankind – for this, in the form of a richly various interweaving of reflections on the complexity of human experience as he found it in himself, is what Montaigne's essays constitute.

Montaigne is catholic in his interests. His investigations range from the arguments for and against suicide to a miniature disquisition on thumbs; from thoughts about friendship to a study of sex; from the nature of imaginationto the art of conversation. Some of the essays are very short, some long. All are entirely absorbing.

Screech's new translation of the essays is splendid. It is accurate even to the point of conveying the punning, granular, colloquially direct manner which Montaigne chose for his style. Screech provides not just a faithful translation of Montaigne but a marvellously readable English book.

His achievement in this respect is remarkable because, of the existing translations displaced by his version, some are good and some have special qualities which endear them to readers. For example, John Florio's version of 1603, the first English translation (and the one used by Shakespeare), is often imprecise but a wonderful read. For Montaigne's *Si philosopher c'est doubter, comme ils disent, à plus fort raison niaiser et fantastiquer, comme je fais, doit estre doubter*, Florio gives, "If, as some say, to philosophate is to doubt, with much more reason to rave and fatastiquize, as I do, must necessarily be to doubt." (Screech: "If, as they say, to philosophize is to doubt, then, *a fortiori*, to fool about and weave fantasies as I do must also be to doubt.) Florio may be fun, and in this instance precise, but overall Screech is cleaner, clearer and more consistently accurate. The Cotton translation, edited by Hazlitt, and Cohen's Penguin Classics selections, do not – despite virtues – compare with Jacob Zeitlin's 1936 rendering, used by scholars, or the more recent Frame translation. But even these are superseded by Screech's fine version, which from now on must surely serve as the definitive English Montaigne.

Ruled by Black Dog

JOHN CHEEVER: THE JOURNALS
Jonathan Cape £16.99, 399 pages

IN THE pack of happy American families Mr and and Mrs Cheever were among the luckiest of couples. John was a successful short story-writer and novelist, Mary the ideal helpmate who bore him a daughter and two sons. To see John, now in his fifties, skating with the kids on the frozen pond, or curled up inside their lovely home in New England, a large drink at his elbow, idly patting the dog while playing one of the boys at backgammon, you would have figured that he was one of the most fortunate and contented guys in the world.

And – as his *Journals* reveal – you would have been completely wrong. You do not have to read very far in them to meet a man who, although exceptionally gifted, was in a constant torment of self-doubt, a prey to ever-increasing alcoholism, and what he called *cafard* (Black Dog, chronic boredom, *ennui*) leading to heavy dependence upon tranquilisers. He complains of continual sexual denial within his marriage and confesses to furtive affairs with people of both genders outside it; when he is not having these ephemeral liaisons he is fantasising about sex. As we read on we feel that he must have been charming to meet, but that he was in himself a hopeless mess.

Were such revelatory jottings intended for posthumous publication? Originally, no. They were the strictly private reveries of a busy professional writer but, according to his son Benjamin, towards the end Cheever changed his mind. "... My father wanted his journals published. I know because he told me. I also think I know why." The reason, it appears, is because by then Cheever wished to shatter his own brand image. The book certainly does that.

The "real" John Cheever first emerged in 1989, seven years after his death aged 70, with the publication of his *Letters* sanctioned by his widow and children. Now they have given their approval to the publication of this much more intimate portrait of the inner man. Parts of it have appeared in the *New Yorker* to which Cheever was a regular contributor. Robert Gottlieb, now the magazine's editor, and in his earlier incarnation Cheever's editor at Knopf, has distilled the text of this volume from what he reckons is a total of 3-4 million words.

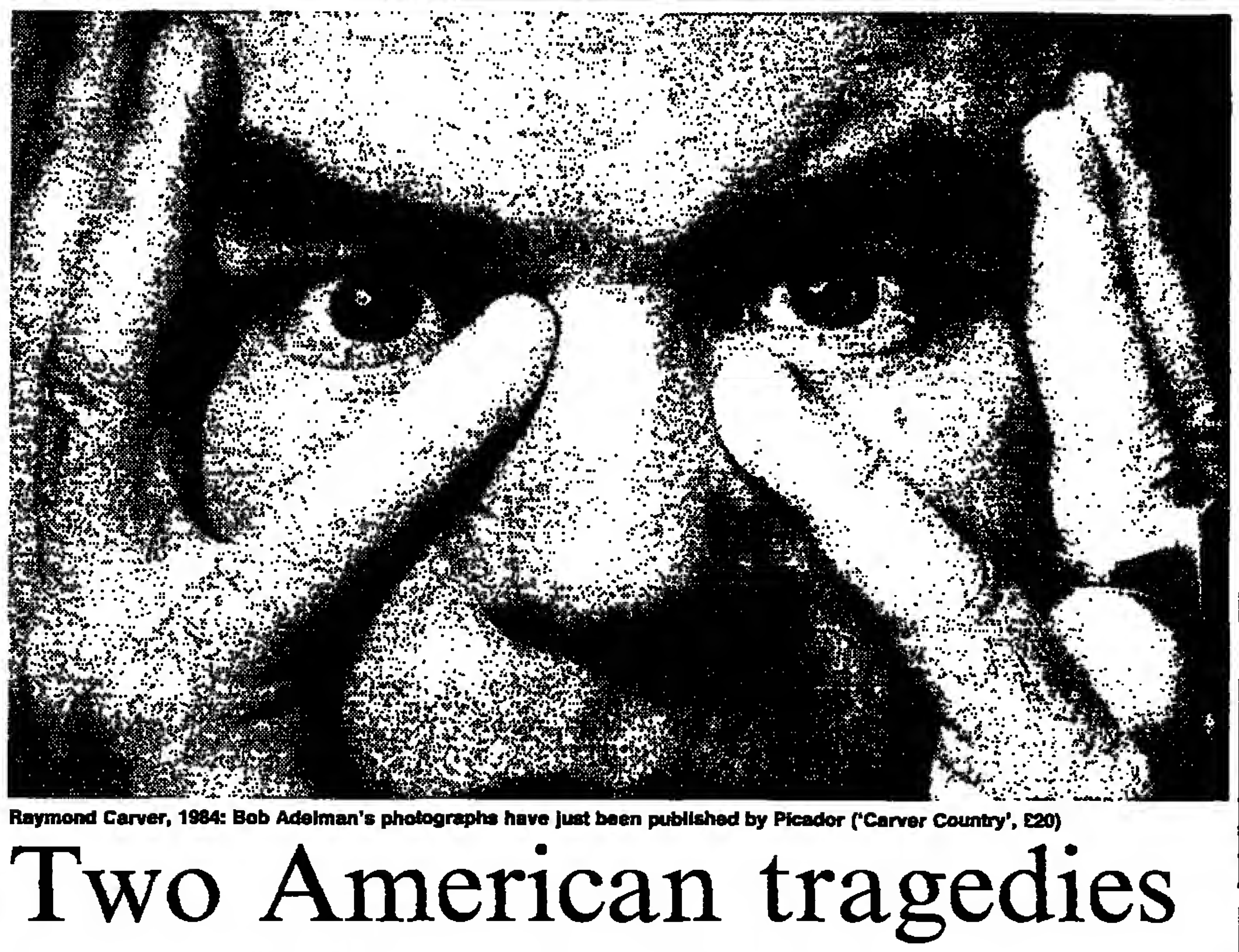
But even if it is only a twentieth part of the whole it is quite enough to give us a complete account of Cheever's frequently near-suicidal states of mind. Somehow he always managed to step back from the brink and to see his own plight with the same wry detachment with which he observed the people in his fiction. He was much closer to them than one guessed. Luckily, whether he was inventing situations or recording actual occurrences, Cheever had an irrepressible sense of humour. Otherwise this book would simply have degenerated into a morass of self-pity. Even so it makes for a rather claustrophobic read.

There is little of the fascination usually provided by a visit to a fiction-writer's workshop – unused plots lying around, discussions of literary technique, the kind of thing we find in, say, Maugham's *A Writer's Notebook*. Cheever seems to be isolated from the world in a time-warp, nursing his psyche with unremittingly intensive care. Only the year, noted at the top of each page, reminds the reader that the 1960s are turning into the 1970s and they in their turn to the decade of his death. There are one or two internal indicators of decline – the drinking begins after breakfast rather than after lunch, the casual sexual advances become more blatant and unashamed, his homosexuality, at first tentative, becomes acknowledged and rampant.

Occasionally another writer – Nabokov, Mailer, Bellow, Roth, Updike, – crops up. Cheever makes a brief passing comment on their talents, invariably to the disadvantage of his own. The one book of Cheever's discussed at any length is that entertaining novel about eccentric Americans in a small enclosed community, *Bullet Park*. He seems to have felt especially fond of the families it concerns, and now we can see in their damaged childhoods and the ritual patterns of their lives a reflection of his own, even to their church-going.

For an account of what living up to writing the *New Yorker*'s high-gloss, high-performance prose, really meant in daily wear and tear, the book could hardly be bettered; and however painful, there are always Cheever's penetrating insights and his elegant wit as compensation for the longueurs.

Anthony Curtis



Raymond Carver, 1984: Bob Adelman's photographs have just been published by Picador ('Carver Country', £20)

Two American tragedies

Stephen Amidon reviews Carver and Brodkey

NO HEROICS, PLEASE
by Raymond Carver
Harvill £13.99, 239 pages

THE RUNAWAY SOUL
by Harold Brodkey
Jonathan Cape £15.99, 835 pages

RAYMOND Carver's death three years ago was doubly tragic, not only depriving us of one of our finest writers but also cutting him down just as he was entering a new and potentially fruitful phase in his career. For those of us who mourned his loss, there existed the faint, consoling hope that there would be some posthumous publication of his later work. Alas, if it is to come, it is not with this book. *No Heroics, Please* is a rather loose aggregation of Carver ephemera, of keen interest to his students and fans, but probably disappointing to the general reader, who would be better off meeting Carver through one of his remarkable collections of short stories.

The book, edited by William L. Stull, is divided into three main sections – short stories, poems, and miscellaneous non-fiction. Of the five stories presented, all of which were written during Carver's student days, only one, "Furious Seasons", really shines. The others provide a useful map of the author's development, but seem too fragmentary and uncertain of themselves to compel independent interest. Likewise most of the 19 poems, although a few are strong indeed, especially "A Summer in Sacramento" and the poem that provides this book its title, a marvellous piece in which a screening of Dr Zhivago is interrupted by a wailing saxophone from the strip-joint next door.

The meat of the book is its previously uncollected reviews, introductions and essays, most written during the phenomenally productive final decade of Carver's life. These present a fine sense of the qualities that made Carver such an appealing short story writer – his simple yet profound prose, his gentleness when assessing others, his insistence on honesty and accessibility. Carver was a realist and proud of it, asserting more than once in this book the importance of coherent narrative and recognisable characters in fiction, while also, in a rare display of anger, proclaiming that "the day of the campy, or crazy, or trivial, stupidly written account of inconsequential acts that don't count for much in the world has come and gone." There are some tantalising moments here as well, such as the news that Carver was hired by Michael Cimino to write a screenplay on the life of Dostoevsky, or the ten pages of an unfinished novel. These brief encounters remind us that we lost one of our most talented and honest writers before he had had his say.

A celebrated American short story writer who *has* had time to have his say is Harold Brodkey, whose first novel, *The Runaway Soul*, is now published some 30 years after it was first commissioned. In this time expectations have ballooned from those afforded a promising young writer into claims that this may be the Great American Novel. It depicts the sentimental education of Wiley Silenowicz, an orphan who is adopted by a well-off Jewish family in 1930s St. Louis. Wiley's new family, comprising the quixotic S.L., his high-strung wife Lila, and their self-absorbed daughter Nonie, is a nest of resentment, imbalance and illness. Before Wiley reaches his teens, both adoptive mother and father die from lingering illnesses, leaving him to beat his own emotional path to adulthood, sexual identity and a career as a writer, little helped by his erratic step-sister, who, we learn, is eventually to be burned alive in a house fire.

And that's about it. For Brodkey, in the tradition of Proust and the later Joyce, eschews any traditional narrative structure in *The Runaway Soul* in favour of minute renderings of the mental and emotional life of his protagonist. Unfortunately, it simply does not work, making for a supremely tedious novel. The problem is that the author has failed to hit upon an engaging way to present Wiley's self-conscious musings. What needs to be a compelling, honest voice for this sort of book to work is an overwrought drone.

For over 800 pages the reader must wade through a swamp of turgid prose that gives us lines like "In that immensely striped moment I was catapulted (silently) inside myself toward a kind of further unburial inwardly, a self-conscious thing". Occasionally there are bright, living passages, such as the scene where a young Nonie hysterically orders her father to rush out into a thunderstorm in order to sacrifice himself to the lightning that terrifies her, but these are quickly swallowed up into the verbal muck. The result is a novel so full of affectation, style and theory – so full of *words* – that there is no room left for the reader. It's not too hard to guess what Ray Carver would have made of it all.

A fate linked to Burma

FREEEDOM FROM FEAR
by Aung San Suu Kyi
Viking £14.99, 838 pages (and Penguin £6.99)

"MY FAMILY has always had to accept that for me, at some point, Burma may have to come first". Aung San Suu Kyi, this year's Nobel peace prize winner, was speaking in October 1988 at her home in Rangoon. Her mother, widow of General Aung San who had led Burma to the brink of independence from Britain, lay critically ill in the next room. Outside, a general strike was winding down, the spirit of the people in part broken by the brutal military suppression of the pro-democracy movement which had swept the nation in the previous six months.

The personal sacrifice that Aung San Suu Kyi had foreseen has been even greater than she could have forecast. Simultaneously her enhanced political role, which she sensed was already inevitable, has ensured that her fate is now tied even more closely to that of Burma.

Since July 1989, Aung San Suu Kyi has been under house arrest in Rangoon, cut off from all outside contact. Her British husband, Michael Aris, who has edited this book, and their two sons, have no idea when they may be allowed to see her again. There is no reason to suppose that the military will allow her to travel to Oslo for the December 10 presentation of the Nobel prize.

Freedom from Fear is well titled. There is every reason if you are Burmese to fear the Rangoon regime, now masquerading under the name of the State Law and Order Restoration Committee. It is the latest and bloodiest of the regimes controlled by General Ne Win which have successively destroyed any pretence of human rights and reduced a nation rich in natural resources to one of the world's 10 poorest. Aung San Suu Kyi's extraordinary achievement has been to confront the regime peacefully, reasonably, persuasively, and to create a political party, the National League for Democracy, which went on to win an overwhelming electoral victory that the regime refuses to acknowledge.

"Fearlessness", she writes, "may be a gift but perhaps more precious is the courage acquired through endeavour, courage that comes from cultivating the habit of refusing to let fear dictate one's actions, courage that could be described as 'grace under pressure' – grace which is renewed repeatedly in the face of harsh, unremitting pressure".

The political flowering of Aung San Suu Kyi covers little more than 15 months between the moment she returned to Rangoon to nurse her mother to her incarceration by the regime. The book opens with her earlier writings, revealing the enormous influence of her father who was assassinated when Aung San Suu Kyi was just two, introduces Burma through her eyes, and reprints her most ambitious academic study – on intellectual life in India and Burma during the colonial period. From there it charts, through speeches, interviews and personal letters, the extraordinary events that gripped Burma as the chance for democracy suddenly seemed within the nation's grasp. It was Tiananmen Square which grabbed the worlds's attention, yet in Burma the pro-democracy movement was much greater and the repression no less appalling.

Even after thousands of demonstrators were killed in Rangoon and other cities in September 1988, Aung San Suu Kyi travelled the country and argued ceaselessly for unity, discipline and democracy. It was too much for the regime and it moved to silence her. Four assessments, two personal from long-time friends and two political, conclude this account of one of the most laudable continuing acts of political courage.

Roger Matthews

Portrait of W.S.

WILLIAM SHAKESPEARE: A LIFE
by Garry O'Connor
Hodder & Stoughton £19.95, 337 pages

THE AUTHOR abjures the fatal words "must have" that offer biographers so much, but he soon surrenders. He is in on all the private emotions that account for the deeds. The must-have principle runs through his scrutinies of the plays, connecting biographical event with dramatic invention, and vice versa. His Shakespeare spends three years, from 13 to 16, at the Hoghton estate in Lancashire as the children's tutor; "he may well have been" an NCO in Leicester's 1585 campaign in the Netherlands: without more evidence these are romantic, not substantive, proposals.

Shakespeare's career, home and theatrical, is otherwise presented as we know it, though when possible apt associations are made of the *dramatis personae* with the front of house people. Critical analyses of the plays and the poems reveal, for instance, that Shakespeare's wife Anne, *née* Hathaway, gave him a hint of Kate (the Shrew), of Cleopatra, of Volumnia. Their son Hamnet, who died at 11 (causing his father, says O'Connor, lifelong guilt at their inadequate intimacy), is detectable in Arthur in *King John*, in Mamillius in *The Winter's Tale*, even in Hamlet, another son deprived of his father. He and his twin sister Judith are visible as Sebastian and Viola in *Twelfth Night*; John Shakespeare, William's father, may be seen in Shylock, Falstaff, Claudius.

This is beguiling stuff, though it does not give us the down-to-earth Bard. No doubt Shakespeare "must have" thought of dead Hamnet when he wrote of dying Mamillius; but we see the playwright rather than the man. Estimates of his personality are quoted from various imaginative sources (the book is well researched). O'Connor rates him loyal to his family, even to his discredited father; sensible with money, socially ambitious, perhaps effeminate, sexually active. Aside from the effeminacy (and at least there is no suggestion of an affair with Southampton, the master-mistress of his passion) these qualities are easy to check.

I was glad to know more of the unfamiliar portrait attributed to Franz Hals, once owned by Clifford Bax, now in unknown hands. Not unknown to this scrupulous author, though, who criticises it and reproduces it in black-and-white and, head only, in colour on the back of the jacket. The owner's name is not revealed.

B.A. Young

Fiction

A dash of foreign virtuosity

THE CAMPAIGN
by Carlos Fuentes
Andre Deutsch £14.99, 246 pages

DIVINA TRACE
by Robert Antoni
Robin Clark £14.95, 426 pages

BODY SNATCHER
by Juan Carlos Onetti
Quartet Books £13.95, 305 pages

FIRST OF a trilogy, *The Campaign* covers a decade in Latin America, from 1810. Spain, defeated by Napoleon, is losing its grip on the colonies, which are in a revolutionary ferment. In Buenos Aires, a well-born young man climbs into the bedroom of the wife of a high official, steals her new-born baby and substitutes a black child for it, at the same time falling into hopeless, undying love for Ofelia, the kidnapped child's mother. Over the years, involved in wars of independence from Chile to Mexico, he follows her, never quite catching up until it is too late, his love and persistence becoming the stuff of ballads and legends across the continent.

Love and politics are plaited throughout into a braid of idealism and romance on the one hand, cynicism and exploitation on the other, with a third strand made from the literary virtuosity that grows like attractive bindweed over Latin American fiction. With military Spaniards fighting colonial Spaniards, the struggle is almost civil war, the most confused and cruel of conflicts, and the contradictions and complexities are illustrated through character and action and the vicissitudes, above all, of Baltasar's love.

Rather than strictly political ideals, it is Ofelia who keeps him going, the distant, ever receding figure of love itself, the whole object of his life and even of its opinions. Does he really want to catch up with her? Ten years seems a long time to keep up the chase if he really wanted it to end, to be consummated. When at last they meet, near the final pages, pity and sadness are overwhelming.

Fuentes treats ideas with splendid freedom and dash, making them a part of his characters' personalities. South American history is so complicated that one needs his strong, exact treatment of it to make vivid sense of things, and *The Campaign*, though not ideally translated, has power, intensity, and above all a grasp of great issues, of politics not as theory but as the stuff of life itself.

Parts of Robert Antoni's *Divina Trace* have appeared in *Ploughshares*, the *Paris Review*, and an anthology. I wish I had met them there, to be delighted by their virtuosity, rather than here, to be exhausted by the novel's excessive length. There is just too much of it, the feast is too rich and the arrangement too confusing: even the family tree at the front, which ought to help, is hard to decipher.

Robert Antoni's family has been in Trinidad and Tobago for the past two centuries but clearly, from the photograph, he is white. This first novel is written in the dialects of the various ethnic groups on his fictional Caribbean island of Corpus Christi, ranging from an extreme pidgin which is hard going though melodious and often funny, to the almost standard English of the central character. Amazing but excessive: one tires. But as examples of what English can get up to, they are well worth the effort: the foreignness, the inventiveness, fascinate.

Less important are the props and the impenetrable plot: a black Madonna, a froglike baby, miracles, disaster, nuns, rapes, violence, glory, exotic religions, weird landscapes, tropical weather: these make a confusing brew. It is almost impossible to work out the relationships or the time-scale, to disentangle fact from dreams and fictions. What counts is the language, too much of it but thrilling. All it needs is a sharp pruning knife, wielded mercilessly.

Juan Carlos Onetti's *Body Snatcher* is set in an imaginary Uruguayan town where most of the action involves a brothel. It shows a dour world, joyless, cynical, corrupt: a provincial landscape where anonymous letters thrive, ugliness is pervasive, and affection, candour and tenderness are almost unknown. This gloom has a certain power, the explosive atmosphere reflecting so many recognisable evils of our time – intolerance, repressiveness, the nods and winks of a hypocritical society. But sometimes the narrative seems to parody itself: "a dark, pot-bellied woman dragged a melancholy zone of bad weather in with her," for instance. This may often be the result of a lack-lustre, over-literal translation, particularly poor on colloquialisms ("But what are you going to do?" where something like "What the hell?" seems intended; or "No joke", for what is clearly "No kidding".) The same American, Alfred MacAdam, translated Carlos Fuentes, though (oddly) much better.

Isabel Quigly

Much ado about nothing

*A revival of The Cabinet Minister fails to impress **Alastair Macaulay***

I WOULD call this an exquisite revival at the Albery of Pinero's 101-year-old comedy *The Cabinet Minister* were it not that I liked little of it and believed nothing. It is lavishly cast, the costumes are deliciously elaborate, the sets are a riot of period detail. Nonetheless, I found the whole evening artificial, unspontaneous and offensive. There are several reasons for this. Let's start with the plot.

Sir Julian Twombley would happily resign his cabinet post for a quiet country life, but Lady Twombley wants first to marry off her two children advantageously. They all therefore carry on living way beyond their means, and Lady T. secretly borrows thousands from a moneylender. He is a ghastly little oik with no social graces, but he and his dress-making sister (both lower-middle-class!) blackmail Lady T. into introducing them into high society. Worse, he then presses Lady T. to let him see a secret cabinet paper which he will use on the stock market.

But all is not lost. Sir Julian has eavesdropped. He quickly forges a cabinet paper with the reverse information, so that the moneylender's speculations misfire ruinously. Lady T., however, no sooner discovers her husband's ruse that she uses the *true* cabinet secret and makes a packet. Meanwhile the Twombleys' daughter Imogen, who has reluctantly become engaged to an aristocratic Scottish oaf, changes her mind when the man she truly loves – a hitherto refreshingly unconventional young hero – turns up dolled up in white tie and all the anonymous niceties. As she says, "You are in time, Valentine."

Hurrah for England! All is for the best in this best of all possible societies. Mr Right has copped out, the Twombleys have used secret cabinet information to become rich, and good old social hypocrisy has triumphed over integrity.

Then there is the acting. I have cherished Maureen Lipman on stage and screen, in farce, musical, serial, advertisement and biographical impersonation; she is a versatile comedienne whose physical talent approaches genius. As Lady Twombley, however, she is simply disgraceful. She is excellent in any number of little ways – her fluttering hands are nervous perfection throughout – but she ruins everything by always going for the easiest jokes. The wild fluctuations of her accent, the awkward tango-like lurches she makes in Lebanon's arms, the comic stammers: they all send any real Lady Twombley flying through the window.

As Sir Julian, Derek Nimmo dithers, is passive and affectionately, and stammers classily. He is, in short, Derek Nimmo, and no one could have expected otherwise. As the Dowager Duchess of Drumdurris, Gwen Watford deploys her best aristocratic chest tones, braying vibrato and world weary assurance to expert but never surprising effect. Sara Kestelman has neither the looks or youth to convince as the scheming adventuress Mrs Gaylustre, whom Pinero describes as "not more than 30," but with a little less brittleness her performance might beguile.

The funniest performance is given by Ann Way as Lady Macphail – the play's most deliberately absurd role. As Imogen and Valentine, Melanie Thaw and Richard Lintern are meant to be a breath of fresh air, and are. Everyone else speaks as if inviting us to applaud the quaintness of their accents. Braham Murray directs.


Alastair Muir

Scene from Pinero's play: lavishly cast, elaborately dressed but totally artificial

A Styrian Autumn

*Kagel was the lure of this year's music festival, says **Andrew Clements***

THE contemporary-music festivals of Europe make up a small but select band; leaving high summer to their more glamorous counterparts they cluster together in the autumn. Alongside Strasbourg, Metz, Donaueschingen, Warsaw and Huddersfield, the Steirischer Herbstfestival, the Styrian Autumn, has steadily established its own special niche.

Though based in Austria's second city, Graz, the festival has consistently taken its programmes out into the Styrian hinterland due south of Vienna. In its early days concerts were toured assiduously around the small communities, but in recent years activities have focused upon the small, upwardly mobile town of Mürzzuschlag.

There musical connections run back to Brahms, who in the 1880s based himself in Mürzzuschlag for the nine months of each year he spent working as a conductor. The Brahms House has recently become a museum, but even with such a mainstream connection, the Steirischer Herbst still resists all temptations to go international; it remains essentially a showcase of new music for the local community, just one part of a year-round cultural programme that also includes regular subscription series of orchestral and chamber music.

One of the features of those programmes is the inclusion of a 20th-century work in every concert. In its sensible way it seems to work: audiences may be modest, yet they were entirely free of the new-music cartel which would bulk out almost every other such gathering across Europe. Each Styrian Autumn is given a focus, and the list of works by major European composers introduced in the festival over the years is a distinguished one; it has remained provincial in the best, freshest sense.

The main attraction this year was a visit by Mauricio Kagel. There were other strands – healthy portions of big-band jazz in a local *Gasthof*, local brass bands joining forces in a cavernous cable factory for an expert performance of Berio's rarely heard spatial piece *Accordo*, a most accomplished recital, vividly presented, by the American soprano Christine Whittlesey in the art gallery. But Kagel was the draw, and for a British visitor added extra allure. Despite several valiant attempts in the 1980s – at the Huddersfield and Almeida Festivals, and at the ICA – his massive output remains largely unknown here, and he seems the most enigmatic of major European composers.

Kagel conducted two concerts with the Cologne-based Ensemble Modern, which nowadays has surely no rival among European contemporary-music bands. It brought a clutch of Austrian premieres, as well as a nearly new song cycle, "*. . . den 24.XII.1931*", written for the baritone Roland Herrmann, and given its first performance only a fortnight earlier at Donaueschingen. One programme was devoted to the 80-minute *Der mündliche Verrat*, "Oral Treason", Kagel's celebration of the mythology of the devil. This anthology of folk tales, presented as a melodrama for three narrators, was included in the Almeida's Kagel celebration; it wears wonderfully well, especially in such a vivid performance as this, with the trio of narrators led by H K Gruber; as tale follows hard upon tale, the mood constantly switches between gothic horror and high comedy, satire and deep feeling. the music follows its own course, subverting 19th-century idioms, adding late 20th-century twists, to produce an amalgam that no one else could achieve.

Kagel is at his most enduring when his music questions and corrupts; ambivalence and ambiguity are the cornerstones, worrying away at the gaps between how things seem, what they really are, what they represent. So the three orchestral pieces that prefaced the song cycle in the second concert could be described as satires – on militarism in *Ten Marches to Miss the Victory*, a whole culture of manners in *Osten*, on the cult of machismo in *Tango alemán*. Yet they are also commentaries, analyses almost, of musical style: what is tired and worn out may be revivified by Kagel's sideways glances, given a new use in a new context.

The range of *24.XII.1931* is much wider. The date is that of Kagel's birth; as if in celebration of his own 60th year, he made an assemblage of documents – newspaper articles, letters, proclamations – published on that day to provide the framework for one of his most acerbic and sharp-eared critical commentaries. They offer snapshots of the world as it was then, from the Argentina of his birth to the rise of fascism in Europe and the Far East and back to the Americas again.

The musical packaging has all Kagel's flair, his instinctive theatricality. The baritone must encompass a vocal range from speech through *Sprechgesang* and falsetto to whistling (the last in the number that deals with the rise of the Nazis, as the percussionist "marches" a pair of boots across a table-top); the instrumentalists delve into a stylistic melting-pot that combines a century and a half of musical development. Fifteen years ago it was impossible to imagine the future course of Kagel's development; now, as one of the most senior figures on the European scene, there is no sign of retrenchment. He remains one of contemporary art's sternest critics and imaginative creators.

Poetry in performance

Two Celts venture east to Aldeburgh

TWO POETS from the West Country, Charles Causley and Patricia Beer, dominated last weekend's third Aldeburgh Poetry Festival and, in part, this was a matter of location. Both are poets of place, firmly rooted in the history and traditions of their native counties, and this fact seemed to rhyme with the rootedness of Aldeburgh itself.

Where the Cornishman Causley seemed solid and dependable as a coastal beacon, Patricia Beer, from the adjacent county of Devon, looked waxen, gaunt, almost disembodied. Her tallness seemed to emphasise her thinness which, in its turn, exaggerated her height.

"My two themes," she told us, "are places and people," leading us forward with a kindly helping hand. Patricia Beer is a disarmingly knowledgeable poet, picking her way with modesty and eloquent hesitation across poems with a broad historical sweep. One of them imagines the ordeals of some of the lesser known of Bunyan's pilgrims; another recounts the horrors experienced by Parson Hawker of Morwenstowe in the 19th century whose terrible lot it was to bury the shipwrecked dead – and parts of the dead; a third explores the uneasy relationship between her father and the person and reputation of John Milton.

Her voice, occasionally shaky, is thin and wiry; her words of explication tellingly humorous, are beguilingly wise. And when she reads a poem about the retarded cousin with whom she grew up, she is plainly troubled by the fact that his illness did not have a name in those days.

There seemed to be no wilful mystery surrounding the poetry or the person of Charles Causley, a sprightly and smooth shaven bespectacled Cornishman who wears his tie dead centre and looks every inch the responsible country schoolmaster he spent most of his life being. Now 74, his voice sounds as buoyant and sprightly as a child who is finding things out for the first time. There are anecdotes by the yard – of his childhood in the main; and what he tells us, though plain enough, manages to sound strange and marvellous by its very ordinariness – as if he alone had been granted the gift of creation.

We hear, for example, of his terror, coming from a small, closely knit family, of going to stay with his 12 beefy cousins; of the hysterical dumbness he suffered as a child , the embarrassing consequence of which was that he was never able to say what he was +supposed+ to say. And tHese things have been captured in the traditional shapes and sounds of his poems, which always speak to us directly, unpretentiously, without an iota of self-pity, casting an optimistic shadow – as if poets, in the end, might be meant to do someone some good.

Two thirds of the way through his reading, he recites "Embryos", three brief poems that, somehow, never took on an independent life of their own. The fact that they survived as these three short fragments seems to remind him of what he finds antipathetic about the practice of modern poetry. "That's one reason I never go to poetry readings," he tells us with self-deprecating humour, "poems are always over before I've cottoned on to them."

And, at the end, he reads "Eden Rock", a recent poem, a vision almost, in which he crosses over a river to be with his dead parents again. There they stand (as they always have, in memory or family photographs), father in that suit of Genuine Irish Tweed, mother in sprigged dress, drawn in at the waist, straw hat, beckoning to him from the other bank. "I had not thought that it would be like this" is the last line, and he reads it in such a deadpan way – as if shaking hands with the dead was the most natural thing in the world to a man of Celtic roots.

Michael Glover

Radio

Hark back to tradition

I DON'T often listen to Radio 2, which is for relaxing rather than working, but I was glad to catch *Collecting Folk* on Monday. I imagined that the name meant "collecting-type people", but it meant "collecting folk music". Not the pop that hides under that name, but real traditional songs. We heard singing from various places around Sheffield and in Derbyshire, people singing because it was what they always did and the songs the songs they had always known. Not modal songs arranged for vocal quartets by classical composers, but sung rather in the manner of football crowds singing "Swing Low, Sweet Chariot" (which is indeed a folksong, though it started among other folk).

Ian Russel may not make such finds as Vaughan Williams did, or Cecil Sharp, or Bela Bartok; but the songs were fine, rather in the style English composers inherited from Mendelssohn – there was a tune for "While shepherds watched" that I'd never heard, but the singers knew it. (How soon does a written song become "trad"?) Folk singing began in pubs; the Methodists couldn't go there but sang for enjoyment in their chapels. I wonder if today's composers are interested.

A mixed assortment of drama during the week, including the first half of *Peer Gynt* on the World Service on Sunday (too late for Terry Waite), translated and adapted by Kenneth MacLeish, and directed by Hilary Norrish. The text, though heartlessly cut, was much as Ibsen intended, and the company was splendidly led by Robert Lindsay as Peer and Geraldine McEwan as Aase. More next Sunday.

On Monday Radio 4 gave David Edgar's *A Movie Starring Me*. Edgar used to write quasi-political documentary pieces, but he denied in a talk after the play that this was documentary. The idea came from people like John Hinckley, who shot Ronald Reagan to make himself famous; but Tripper (Mark Kilmurray), the planner, and the intended recipient Michele (Samantha Bond), an American star playing Nina in *The Seagull* in London, were invented. Edgar's cunning use of "secondary sound" (phones, radio, etc.) made the story awkward to follow, and I had some sympathy for the director, Philip Martin. Stephen Sondheim did it better in *Assassins*.

Dora, Radio 3's Tuesday play, was an imaginary lecture by Freud. Dora (superbly played by Leslie Sharp from adolescence to young womanhood) was treated for hysteria. She had a simple explanation, that her father was in love with Frau K, and that Herr K tried to kiss her. But then she dreamed of fire; she had a present from K of a jewel-case; she had a puff at K's cigarette; she had an attack of appendicitis. Freud (Clive Merrison, rather sexy himself) interpreted everything as a sexual symbol. Dora ended her time with Freud because her father (Edwin de Souza) was spending his time with Frau K. Sexuality is the key, Freud concluded, with a Charcot quotation, "because something is impossible, that doesn't mean it can't exist."

Then on Wednesday, the first of three plays by John Wain and Laszlo Solymar, *Mathematical Triangle*. This was about Anaxagoras. Pericles, just elected, is keen on democracy in Athens, but Barsyas says this means jobs for favourites, like Phidias, earning a fortune from his sculpture. Phidias is to be charged with extortion; Anaxagoras with blasphemy, because he teaches that the sun is a hot stone, not the god Apollo; and Pericles's wife Aspasia with adultery, because she was married before she married Pericles. Pericles and Aspasia smuggle Anaxagoras out of the condemned call and out of Athens, very easily, I thought. Aspasia is charged but acquitted, Phidias is let off too. Call them all Johnson, Davies and Kathleen and there would have been little interest; in Athens in BC 440 it had some, but not much.

B.A. Young

Chess No 898:
1 Qc8 (threat 2 Rxc4) Ke4 2 Qg4,or e4 2 Qh8.

TELEVISION

SATURDAY

BBC1

7.25 News. 7.30 Ovide. 7.40 Opposites Attract. 7.50 The Jetsons. 8.15 Chucklevision. 8.35 Dungeons and Dragons. 9.00 Going Live!

12.12 **Weather.**
12.15 **Grandstand** introduced by Steve Rider. Including 12.20 Football: Review of the FA Cup First Round and a European Cup round-up. 12.40. Racing from Newbury: The North Street Handicap Chase. 12.55 News. 1.00 Football: Round-up continued. 1.10 Racing: The Gerry Feilden Hurdle. 1.25 Snooker: The UK Championship from The Guild Hall, Preston. 1.40 Racing: The Hennessy Cognac Gold Cup Chase. 2.00 Snooker: Further coverage. 2.50 Rugby League: The Regal Trophy Second Round. Commentary by Ray French, John Monie and Alex Murphy. 3.40 Football Half-Times. 3.50 Rugby League. 4.35 Final Score. Times may vary.
5.00 **News.**
5.10 **Regional News and Sport.**
5.15 **One to Win.**
5.45 **Only Fools and Horses.**
6.15 **Noel's House Party.** New series. Noel Edmonds returns with all the old Roadshow games including Wait Till I Get You Home and The Lyric Game. With guests Ronnie Corbett, Henry Cooper, Letitia Dean, Susan Tully, Linda Robson and Pauline Quirk.
7.15 **Bruce Forsyth's Generation Game.**
8.05 **Film: Short Circuit.** A military robot develops a mind of its own when it is struck by lightning. When it runs amok and escapes from the clutches of the Army, the robot's inventor is called in to track it down. Comedy with Steve Guttenberg (1986).
9.45 **News and Sport; Weather.**
10.05 **Saturday Night Clive.** With comedian and writer Ben Elton.
10.50 **Snooker.** David Vine introduces the concluding frames from today's Round Six ties.
12.00 **Film: Bananas.** Products tester Fielding Mellish impulsively takes off to join the rebel forces in South America. He is soon hilariously caught up in the revolutionary turmoil. Directed by and starring Woody Allen. With Louise Lasser (1971).
1.20 **Weather.**
1.25 **Close.**

BBC2

8.45 Open University. 11.05 Taking the Heat. 11.55 The Sky at Night. 12.15 pm Film: Red Light.

1.35 **Claymation.**
1.45 **Heirs and Graces.** Chatsworth House.
2.15 **Network East.**
2.45 **Mahabharat.** (English subtitles).
3.30 **Film: Cinderfella.** Jerry Lewis plays a male Cinderella treated as a servant by his wicked stepmother and her two greedy sons. A hidden secret fortune, a fairy godfather, and a visiting foreign princess complete the mixture (1960).
4.55 **Snooker: UK Championships.** Best of the afternoon's play from The Guild Hall in Preston.
5.55 **Play Bridge with Zia.**
6.25 **RAC Rally Preview.** On the eve of what promises to be one of the most closely-contested RAC Rallies. William Woollard and Tony Mason present a report on Britain's largest motor sporting event.
6.55 **Have I Got News for You?** Guests are Richard Ingrams and Ken Livingstone MP.
7.25 **News and Sport; Weather.**
7.40 **Sounds of the Sixties.**
8.10 **The Second Russian Revolution.** New evidence has come to light that Mikhail Gorbachev had several advance warnings of the August coup, but chose to ignore them. The Second Russian Revolution examines the evidence and the aftermath.
9.00 **Moving Pictures.** New series. Howard Schuman presents a profile of Roman Polanski, and visits him on the set of his latest film, Bitter Moon, to gain an insight into the man who has been shocking cinema audiences for years. Plus a profile of American film-maker Kathryn Biggelow.
9.50 **Film: Pirates.** Walter Matthau stars as the fearsome Captain Red in Roman Polanski's seafaring comedy.
11.45 **Film: Rosemary's Baby.** When Rosemary and Guy Woodhouse move into an apartment in Manhattan, their life revolves around the old couple who live next door. But for Rosemary, the attentions of the couple soon acquire sinister overtones. Roman Polanski's film version of Ira Levin's novel stars Mia Farrow and John Cassavetes (1968).
1.55 **Def II: Dance Energy.**
2.30 **Close.**

LWT

6.00 TV-am. 9.25 Motormouth. 11.30 The ITV Chart Show. 12.30 pm Superman.

1.00 **ITN News; Weather.**
1.05 **LWT News; Weather.**
1.10 **Saint and Greavsie.** Ian and Jimmy highlight the important contribution made by the St John's Ambulance Brigade at grounds all over Britain, preview tomorrow's clash between Aston Villa and Leeds United, and report on the first ever women's world cup, taking place in China.
1.55 **The Day.**
2.00 **Golf: PGA Tour '91:** The Merrill Lynch Shoot Out.
3.00 **Film: The Secret of the Incas.** Harry Steele, an unscrupulous American adventurer, plans to find the treasure of Manco, last of the Inca chiefs. Starring Charlton Heston and Nicole Maurey (1954).
4.45 **Results Service.**
5.00 **ITN News; Weather.**
5.05 **LWT News; Weather.**
5.10 **10 Sharp!**
5.25 **Catchphrase.**
5.55 **Baywatch.** Mitch rescues a dog which, unknown to him, was thrown overboard during a kidnapping, and has a nightmare evening when it creates havoc in his home. David Hasselhoff stars.
6.45 **Blind Date.**
7.45 **Stay Lucky.** A grubby little private detective is the bearer of an unexpected message, which takes Thomas and Sally south, with terrifying consequences. Starring Dennis Waterman and Jan Francis. Last in series.
8.45 **ITN News; Weather.**
9.00 **LWT Weather.**
9.05 **Film: Black Widow.** A female investigator for the Justice Department becomes intrigued, then obsessed, by a young woman who seduces, marries, and murders wealthy men. Starring Debra Winger and Theresa Russell (1986).
11.00 **Tour of Duty.** Anderson and Goldman are missing in action, and Alex reacts by immersing herself in her work. McKay tries to make her face reality.
11.55 **Get Stuffed.**
12.00 **WCW Pro Wrestling.**
12.55 **Get Stuffed.**
1.00 **New Music.**
2.00 **Night Heat; ITN News Headlines.**
3.05 **Coach.**
3.30 **American College Football 1991.**
4.20 **The Hit Man and Her.**

CHANNEL4

6.00 Early Morning. 9.30 Same Difference. 10.00 Travelog. 10.30 Wagon Train. 11.30 Tony Jacklin's Pro-Celebrity Golf Challenge. 12.30 pm American Football - Red 42.

1.00 **After the Arrow.** Short animated Post Office film bringing a decade of the British postage stamp to life, beginning with the battle of Hastings and ending with Concorde.
1.25 **Racing from Newcastle** introduced by John Francome. Featuring the 1.30 Steel Plate and Sections Young Chasers Qualifier, 2.05 Bellway Homes Fighting Fifth Hurdle, 2.35 Douglas Smith Memorial Handicap Chase, 3.05 Philip Cornes Novices' Hurdle
3.30 **Film: The Mouse on the Moon.** Sparkling satirical comedy about a small bankrupt European state which uses international aid to send a rocket to the moon. Starring Bernard Cribbins and Margaret Rutherford (1963).
5.05 **Brookside.**
6.30 **News Summary and Weather; Right to Reply.**
7.00 **South.** Featuring films from Pakistan, examining women's resistance to fundamentalist Islam, from Vietnam, discovering the cultural importance of the traditional Ao Dai tunic dress, and from Venezuela, a stunning look at Caracas.
8.00 **Film: The Man in the White Suit.** Classic Ealing comedy starring Alec Guinness as a scientist whose invention of a fibre which never wears out brings him into conflict with both labour and management. With Joan Greenwood and Cecil Parker (1951).
9.35 **Next Stop Hollywood: Getting Ready for Later.** Director Lexy Lovell's short film focuses on the damaging fears which parents unwittingly transmit to their children.
10.05 **Film: The Woman from Rose Hill.** Swiss farmer Marcel (Roger Jendly) chooses a bride from a mail-order catalogue but problems arise when she subsequently refuses to consummate the marriage. Film shown as part of the Mondo Cinema season. Also with Marie Gaydu (1989)(English subtitles).
11.50 **The Oprah Winfrey Show.**
12.45 **American Football - Red 42.**
1.15 **The Word.**
2.10 **Close.**

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
12.30 Motorsport. 1.05 Anglia News. 1.55 The A-Team. 2.50 The Daring Game. 5.05 Anglia News and Sport 5.20 Warner Cartoon Time.

BORDER:
12.30 The Munsters Today. 1.05 Border News. 1.55 Hard Time on Planet Earth. 2.50 Thunder Bay. (1953) 5.05 Border News and Weather 5.15 Cartoon Time. 11.00 The Cartier Affair.

CENTRAL:
12.30 The Munsters Today. 1.05 Central News 1.55 The 1991 Speedway Rider's Championship. 3.00 A Man About the House. (1974) 5.05 Central News 5.10 Central Sports Special - Goals Extra. 9.00 Central Weather. 11.00 Under Siege. (1986)

CHANNEL:
12.30 Blockbusters. 1.05 Diary Dates. 1.55 The Life and Times of Grizzly Adams. 2.55 Poison Ivy. (1984) 5.05 Channel News. 5.10 Puffins Pla(i)ce. 5.15 Cartoon.

GRAMPIAN:
12.30 Beetha'n Fhasaich. 1.05 Grampian Headlines 1.55 Beachd. 2.50 The Life and Times of Grizzly Adams. 3.45 Wrestling. 5.05 Grampian Headlines 5.10 Criomagan. 5.15 Put It in Writing.

GRANADA:
11.30 Peppino. 12.00 The ITV Chart Show. 1.05 Granada News 1.55 The Life and Times of Grizzly Adams. 2.50 Doctor in Distress. (1963) 5.05 Granada News 5.10 Granada Goals Extra. 11.00 The Cartier Affair.

HTV:
12.30 The Munsters Today. 1.05 HTV News 1.55 The Life and Times of Grizzly Adams. 2.50 Guns of Darkness. (1962) 5.05 HTV News and Sport

HTV Wales as HTV except:
5.20 Cartoon Time.

SCOTTISH:
12.30 Dinosaurs. 1.05 Scotland Today. 1.55 All Action Sports Special - President's Triathlon Challenge. 2.20 My Secret Identity. 2.50 The King's Pirate. (1967) 4.45 Scotsport Results. 5.05 Scotland Today. 5.15 Cartoon Time. 9.00 Scottish Weather. 11.00 The Young Riders. 11.55 Cue the Music.

TSW:
12.30 The South West Week. 1.05 TSW News 1.55 The Life and Times of Grizzly Adams. 2.50 Sky West and Crooked. (1966) 5.05 TSW News and Sport 5.15 Gus Honeybun's Cartoontime. 11.00 The Cartier Affair.

TVS:
12.30 Blockbusters. 1.05 TVS News. 1.55 The Life and Times of Grizzly Adams. 2.55 Poison Ivy. (1984) 5.05 TVS News. 5.10 Cartoon. 11.00 Tour of Duty.

TYNE TEES:
12.30 The Munsters Today. 1.05 Regional News. 1.55 The Life and Times of Grizzly Adams. 2.50 Doctor in Distress. (1963) 5.05 Northern Life Sport Special. 11.00 The Cartier Affair.

ULSTER:
12.30 Dinosaurs. 1.05 Ulster Newstime 1.55 Superstars of Wrestling. 2.50 Escape from the Dark. 5.05 Ulster News and Sport 9.00 Ulster Newstime 11.00 The Cartier Affair.

YORKSHIRE:
12.30 Katts and Dog. 1.05 Calendar News. 1.55 The A-Team. 2.50 Get Smart Again. (1989) 4.35 Cartoon. 5.05 Calendar News. 5.15 Cartoon Time. 9.00 Local Weather. 11.00 Your Match.

SUNDAY

BBC1

8.40 The Pennine Challenge. 9.10 News. 9.15 In Touch with Healing. 9.30 This is the Day. 10.00 See Hear! 10.30 Deutsch Direkt. 10.55 Fast Feasts. 11.00 Mosaic. 11.30 Skillshop.

12.00 **Through the Looking Glass.** Hollywood's influence on Twenties and Thirties fashion.
12.30 **Country File.** Reporting on the controversy surrounding a wood near Oxford, planted by author C.S. Lewis. The local nature conservation trust have put forward plans to improve it, but literature lovers object to the proposals. Country File investigates.
12.55 **Weather for Farmers.**
1.00 **News; On the Record.**
2.00 **EastEnders.**
3.00 **Snooker: UK Championship.** Frames from the afternoon session at The Guild Hall, Preston.
5.20 **The Clothes Show.**
5.45 **Merlin of the Crystal Cave.**
6.15 **Tomorrow – The World.** How to be confident enough to explain what you want without giving offence or being overlooked.
6.25 **News.**
6.40 **Songs of Praise.** Pam Rhodes travels to Skegness to discover the modern role of the Salvation Army.
7.15 **You Rang, M'Lord?** Comedy with Paul Shane, Jeffrey Holland and Su Pollard.
8.05 **Trainer.** Last in series.
8.55 **News and Weather.**
9.10 **Ashenden.** Following the brutal killing of a friend, Ashenden's trail leads him to an Englishman and his German wife who are at the centre of a web of deceit. World War One espionage drama, starring Alex Jennings, Alan Bennett and Anna Carteret.
10.05 **Everyman.** New series. Having seen more than her fair share of women raped, battered and murdered, Det Insp Carol Bristow investigates the male hatred of women. She uncovers its social, sexual and religious roots and asks why it is on the increase.
10.45 **Snooker: UK Championship.** Highlights of today's matches.
11.25 **Birthrights.** Norman Tebbit's criticism of British Asians who support Indian and Pakistani cricket teams caused a storm of controversy. What does being British really mean from a black point of view?
11.55 **Mahabharat.** (English subtitles).
12.35 **Weather.**
12.40 **Close.**

BBC2

7.25 But First This On Two; Tales of a Wise King and the Devil. 7.30 Paddington. 7.55 Playdays. 8.15 Bitss. 8.30 Telling Tales. 8.45 Babar. 9.10 Blood and Honey. 9.30 Defenders of the Earth. 9.50 Blue Peter Omnibus. 10.40 The Dark Season. 11.05 Boxpops. 11.45 The O-Zone. 12.00 Around Westminster.

12.30 **Film: Topper.** Comedy starring Cary Grant and Constance Bennett (1937).
2.00 **Murray Perahia Plays Mozart.** World famous soloist and conductor Murray Perahia, interpreter of Mozart's music, talks about and conducts the composer's work.
3.00 **Film: Return of the Pink Panther.** Peter Sellers stars as the luckless French detective Clouseau.
4.50 **Animation Now.**
5.00 **Rugby Special.** Chris Rea introduces the match between the Wasps and Leicester. Commentary by Nigel Starmer-Smith.
6.00 **Travel Show Guides.** A report from Galway, on the west coast of Ireland.
6.30 **The Money Programme.** A look at the financial losses faced by the 303-year-old institution, Lloyds. Tom Maddocks asks why the losses have occurred, and what can be done to shape up for the next century.
7.10 **Rally Report.**
7.15 **The Natural World.** New series.
8.05 **The Dream Machine.** In post-war America the inventors of ENIAC, the first fully electronic computer, struggled to set up in business. Companies such as IBM refused to contemplate building the machines, but J Presper Eckert and John Mauchly were determined to realise their dream.
8.55 **Prisoners of Conscience.**
9.00 **Did You See?** Newsreader Julia Sommerville, reviews 'Drop the Dead Donkey', actor Joe McGann, looks at 'This Week' on boxing, and Ulster novelist Jack Holland reviews the contemporary thriller 'Children of the North'.
9.30 **Not Mozart.** Young Scottish composer Judith Weir transforms Mozart's little-known opera, Il Sogno di Scipione, into a contemporary work, Scipio's Dream.
10.00 **Little England.** Looking at a great British institution — the Pony Club.
10.10 **Film: High Tide.** Australian drama starring Judy Davis (1987).
11.50 **Rally Report.**
12.05 **Def II: Rapido.**
12.40 **Close.**

LWT

6.00 TV-am. 9.25 Disney Club. 10.45 Link. 11.00 Morning Worship. 12.00 The Human Factor. 12.30 pm LWT News Weekend; Weather.

1.00 **ITN News; Weather.**
1.10 **Walden:** Interview with Shadow Chancellor John Smith; **The Day.**
2.00 **Cartoon Time.**
2.15 **Batman.**
2.45 **The Match.** Live from Villa Park as Aston Villa clash with Leeds United. Alan Parry is the commentator.
5.00 **Bullseye.**
5.30 **Dinosaurs.**
6.00 **Animal Country.** Desmond Morris and Sarah Kennedy travel through Suffolk and Norfolk exploring Animal Country.
6.30 **ITN News; Weather.**
6.35 **LWT News.**
6.40 **Terry Waite: Where Angels Fear.** Peter Williams presents a profile of Terry Waite, finds out why he made his fateful trip to the Lebanon in 1987 and talks to those close to him about the influences on his life.
7.15 **Beadle's About.**
7.45 **The Ruth Rendell Mysteries: Means of Evil.** Part one. Axel and Hannah Kingman enjoy the perfect start to their married life, yet something dark seems to lurk beneath the surface — something which also upsets the equilibrium of Burden and Jenny's marriage. George Baker stars.
8.45 **London's Burning.** Blue Watch is called to a blaze in a factory, where they meet up with Josie, who is now a leading firefighter. But some of the crew become trapped and end up fighting for their lives.
9.45 **ITN News; Weather.**
10.00 **LWT Weather.**
10.05 **Spitting Image.**
10.35 **The South Bank Show.** Four years ago Jose Carreras, one of the most famous tenors in the world, was on his deathbed, ravaged by leukaemia. His remarkable struggle back to health and the stage is the subject of this profile of his life and career; **The Day.**
12.10 **Cue the Music.**
1.05 **Film: Boulevard of Assassins.** Starring Jean-Louis Trintignant (1982).
3.00 **Film: Schimanski: Medicine Man.** Starring Gotz George and Eberhard Falk; **ITN News Headlines.**
4.50 **Pick of the Week.**
5.20 **Stir Fry.**

CHANNEL4

6.00 Early Morning. 9.25 The Sword of Tipu Sultan.(English subtitles). 10.00 A Week in Politics – Second Reading. 10.50 Dennis. 11.10 Round the Bend. 11.30 The Lone Ranger. 12.00 Little House on the Prairie.

1.00 **Voyage to the Bottom of the Sea.**
2.00 **Film: Pony Express.** Charlton Heston and Forrest Tucker star as Buffalo Bill Cody and Wild Bill Hickok (1953).
3.55 **Burning Books.** Authors talk about their work and present an up-to-date perspective on literature. Last in series.
4.25 **Answering Back.** Lord Alexander, chairman of the National Westminster Bank, is interviewed by Mary Goldring. Last in series.
4.55 **News Summary.**
5.00 **Family Pride.**
5.30 **The Storyteller.** In the final programme of the series, the Storyteller offends a royal cook and as punishment must tell the King a new story every night for a year. John Hurt stars.
6.00 **Press Gang.**
6.30 **The Cosby Show.**
7.00 **Equinox: The Dyslexic Engineer.** Despite his dyslexia, Ben Bowlby has gained a first class honours degree in engineering. This programme sees him starting work with Lola Cars, fulfilling a dream to design a racing car.
8.00 **Whicker Way Out West.** In this programme from the vintage 1973 series, Alan attends the Wedding of the Year in Las Vegas, a $75,000 spectacular in a candle-lit casino where the couple begin their 'journey of dreams'.
8.30 **American Football.**
10.00 **Film: I Want to Live!** The compelling true story of small-time criminal Barbara Graham, who was convicted of a murder she did not commit and sentenced to die in the gas chamber at San Quentin. Susan Hayward and Simon Oakland star in the drama, which continues the Rebels With a Cause season (1958).
12.20 **Film: The Golden Horseshoes.** A Tunisian intellectual looks back at his past on the night of the Anchoura, a Muslim celebration of the martyrs. His memories encompass a traditional marriage and a love affair with a beautiful upper-class woman. Tunisian film (1989)(English subtitles).
2.15 **Close.**

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
12.30 Goals Galore. 12.55 Anglia News. 2.00 Wheels Special. 5.00 Dinosaurs. 5.30 Bullseye. 6.35 Anglia News. 10.00 Regional Weather.

BORDER:
12.30 Gardening Time. 12.55 Border News. 2.00 Katts and Dog. 2.30 Cartoon Time. 5.00 Scotsport. 6.00 Bullseye. 6.35 Border News.

CENTRAL:
12.30 Gardening Time. 12.55 Central News 2.00 The 1991 UK Mountain Bike Challenge Cup. 6.00 The Earth Dwellers Guide. 6.35 Central News 10.00 Local Weather.

CHANNEL:
12.30 Reflections. 12.35 Les Francais Chez-Vous. 12.50 Tele-Jornal. 2.00 Katts and Dog. 2.30 Cartoon. 6.35 Channel News.

GRAMPIAN:
10.45 Interbang. 11.15 Sunday Service. 12.30 Jack Thompson Down Under. 12.55 Grampian Headlines. 2.00 Coronation Street. 3.00 The Silk Road. 4.00 Animal Country. 4.30 Bullseye. 5.00 Scotsport. 6.00 Scotland's Larder. 6.35 Grampian Headlines 10.00 Grampian Weather.

GRANADA:
12.25 Granada This Week. 12.50 Aap Kaa Hak. 2.15 Taylor and McMenemy. 5.30 Coronation Street. 6.35 Granada News.

HTV:
12.30 Against All Odds. 12.55 HTV News 2.00 HTV Newsweek. 2.30 Planning the Small Garden. 6.35 HTV News

HTV Wales as HTV except:
12.30 Pony Club Mounted Games. 2.00 Farming Wales.

SCOTTISH:
10.45 Glen Michael's Cartoon Cavalcade. 11.15 Link. 11.30 Let's Rejoice. 12.30 The Munro Show. 12.55 Scotland Today. 2.15 The Corn is Green. 4.00 Taxi. 4.30 Bullseye. 5.00 Scotsport. 6.00 Scotland's War. 6.35 Scotland Today.

TSW:
12.30 TSW Farming Week. 12.55 TSW News 2.00 Off the Hook. 2.30 Gus Honeybun's Magic Birthdays 5.30 Cobblestones, Cottages and Castles.

TVS:
12.28 TVS News. 12.33 Agenda. 12.58 TVS Weather. 2.00 Katts and Dog. 2.30 Cartoon. 6.35 TVS News.

TYNE TEES:
12.25 Budo Sai. 12.55 Regional News. 2.15 The Back Page. 6.35 Regional News.

ULSTER:
12.30 Gardening Times. 12.55 Ulster Newstime 2.00 Cartoons. 2.15 Farming Ulster. 5.30 Coronation Street. 6.35 Ulster Newstime 10.00 Ulster Newstime

YORKSHIRE:
12.25 Goals on Sunday. 12.50 Calendar News. 2.00 Cartoon. 2.15 The Spectacular World of Guinness Records. 5.00 Dinosaurs. 5.30 Animal Country. 6.00 Bullseye. 6.35 Calendar News.

S4C Wales as Channel 4 except:-
9.25 Willo the Wisp. 9.38 If Wishes Were Horses. 10.50 Voyage to the Bottom of the Sea. 11.45 Mr Rossi Goes Camping. 12.55 Now You're Talking 1. 1.20 Now You're Talking 2. 1.45 Bwrw 'Mlaen. 2.15 San Steffan. 2.35 Equinox. 3.35 Queen Kelly. (1929) 5.30 Pobol y Cwm. 7.05 Newyddion. 7.10 Saith Ar Y Sul. 7.25 Bwrw'r Sul. 8.10 Hel Straeon. 8.40 Dechrau Canu, Dechrau Canmol. 9.10 Anest 4. 10.10 Ffiniau. 10.40 Snwcer – Pencampwriaeth Prydain. 11.10 American Football 91-92.

RADIO

SATURDAY

BBC RADIO 2
6.00 Graham Knight. 8.05 Ronnie Hilton. 9.00 Brian Matthew. 10.00 Sarah Kennedy. 12.00 Gerald Harper. 1.30 The News Huddlines. 2.00 Ed Stewart. 4.00 It Was a Very Good Year. 4.30 Katie and Friends. 5.00 Cinema 2. 5.30 Screenplay. 6.00 Ballroom. 7.00 Jazz Score. 7.30 Pot Pourri Parisien. 9.30 Easy Does It. 10.00 The Arts Programme. 12.05 Brian Matthew. 1.00 Night Ride. 3.00 A Little Night Music. 4.00 David Allan

BBC RADIO 3
6.35 Open University.
6.55 Weather and News Headlines.
7.00 Morning Concert.
8.30 News.
8.35 Virginia Black (harpsichord).
9.30 Saturday Review.
12.55 Words.
1.00 News.
1.05 Beaux Arts Trio.
2.10 BBC Philharmonic.
3.30 Max Bruch.
4.00 Tuning Up.
5.00 Jazz Record Requests.
5.45 Third Opinion.
6.30 A Life for the Tsar.
10.30 The 1991 Reith Lectures: The Language of the Genes.
11.00 Early Mozart, Early Beethoven.
11.25 American Music for Solo Cello.
12.00 News.
12.05 Close.

BBC RADIO 4
6.00 News.
6.10 Farming Week.
6.50 Prayer for the Day.
7.00 Today.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 News; Loose Ends.
11.00 News; The Week in Westminster.
11.30 Europhile.
12.00 Money Box.
12.25 I'm Sorry I Haven't a Clue.
12.55 Weather.
1.00 News.
1.10 Any Questions?
1.55 Shipping Forecast.
2.00 News; Any Answers?
2.30 The Colour of Murder.
4.00 News; Age to Age.
4.30 Science Now.
5.00 Living with the Legend.
5.25 Tea Junction.
5.50 Shipping Forecast.
5.55 Weather.
6.00 News; Sports Round-up.
6.25 Week Ending.
6.50 Stop the Week.
7.20 Kaleidoscope.
7.50 Classic Serial: Jamaica Inn.
8.50 Conversation Piece.
9.15 Music in Mind.
9.50 Ten to Ten.
9.59 Weather.
10.00 News.
10.15 Open Mind.
10.45 As Others See Us.
11.00 Richard Baker Compares Notes.
11.30 Dear Diary.
12.00 News; Interlude.
12.43 (FM) Close.
12.43 (MW) As World Service.

BBC RADIO 5
6.00 Newsdesk.
6.30 Morning Edition.
9.00 On Your Marks.
12.00 Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport On 5.
6.00 News.
6.05 Six-O-Six.
7.30 Le Top.
9.00 Afropop Worldwide.
10.00 Sports Bulletin.
10.15 On the Level.
12.00 Sport.
12.15 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 Newsdesk. 6.30 Londres Matin. 7.00 News; Twenty-four Hours live; News summary. 7.30 From the Weeklies. 7.45 Cole Porter Among Friends. 8.00 News; Words of Faith. 8.15 A Jolly Good Show. 9.00 News; Waveguide; Worldbrief. 9.30 Personal View. 9.45 Sports Roundup. 10.00 News Summary; Jazz Now And Then. 10.15 Letter From America. 10.30 People and Politics. 11.00 Newsdesk. 11.30 Londres Midi. 11.45 Mittagsmagazin. 12.00 News; News About Britain.
12.15 Multitrack 3. 12.45 Sports Roundup. 1.00 Newshour. 2.00 Club 648. 2.15 Personal View. 2.30 Sportsworld. 3.00 News. 3.15 Sportsworld continued. 4.00 News; News About Britain. 4.15 BBC English. 4.30 News in German. 4.40 German Features.
5.00 News Summary; Sportsworld: final results. 5.30 Londres Soir. 6.14 BBC English. 6.29 News Summary. 6.30 Heute Aktuell. 7.00 German Features. 7.54 News in German. 8.00 News; Book Choice. 8.15 Londres Derniere. 8.30 Europe This Weekend. 9.00 Newshour. 10.00 News.
10.05 Short Story: Easy Pickings. 10.20 Meridian. 10.30 Sports Roundup. 11.00 News; Words of Faith; Book Choice. 11.15 A Jolly Good Show. 12.00 Newsdesk. 12.30 The Ken Bruce Show. 1.00 News Summary. 1.01 Play of the Week: Peer Gynt.
2.00 Newsdesk. 2.30 A Sight Worth Seeing. 3.00 News; News About Britain. 3.15 Sports Roundup. 3.30 From our own Correspondent. 3.50 Write on. 4.00 Newsdesk. 4.30 Business Review. 4.45 News and Press Review in German.

SUNDAY

BBC RADIO 2
6.00 Graham Knight. 7.30 Don MacLean. 9.05 Richard Baker. 11.00 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell. 4.00 They Don't Write Songs Like That Anymore. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Black Magic. 7.45 The Collins Collection. 8.30 Sunday Half-Hour. 9.00 Alan Keith. 10.00 The Modern Film Musical. 12.05 Ronnie Hilton. 1.00 Colin Berry with Night Ride. 3.00 A Little Night Music. 4.00 Alex Lester

BBC RADIO 3
7.00 Morning Concert.
8.30 News.
8.35 Mozart Masses.
9.05 Moura Lympany.
10.15 Music Weekly.
11.00 A Dutch Retrospect.
12.30 Handel.
12.45 Table Talk.
1.00 News.
1.05 Your Concert Choice.
2.30 Mozart Violin Sonatas.
3.50 Poet of the Month.
4.00 BBC Concert Orchestra.
5.00 Soundings.
6.00 Gloriae Dei Cantores.
7.05 An English Mozart.
7.30 Sunday Play: Quartermaine's Terms.
9.00 BBC Scottish Symphony Orchestra.
9.50 Sorabji's First Organ Symphony.
12.00 News.
12.05 Close.

BBC RADIO 4
6.00 News.
6.10 Prelude.
6.30 News; Morning Has Broken.
6.55 Weather.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday.
8.50 The Week's Good Cause.
8.55 Weather.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 News Stand.
11.30 Pick of the Week.
12.15 Desert Island Discs.
12.55 Weather.
1.00 The World This Weekend.
1.55 Shipping Forecast.
2.00 Gardeners' Question Time.
2.30 Sunday Playhouse: Volvulus.
3.30 The Radio Programme.
4.00 News; Analysis.
4.47 Time for Verse.
5.00 News; Down Your Way.
5.40 Not What the Brochure Said.
5.50 Shipping Forecast.
5.55 Weather.
6.00 News.
6.15 Feedback.
6.30 Europhile.
7.00 Root of the Matter.
7.30 Bookshelf.
8.00 Punters.
8.40 Thinking Aloud.
9.00 The Natural History Programme.
9.30 Special Assignment.
9.59 Weather.
10.00 News.
10.15 Requiem for Mozart.
11.00 In Committee.
11.30 Seeds of Faith.
12.00 News and Weather; Interlude.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5
6.00 World News and 24 Hours.
6.30 Meridian Reports.
7.00 Newsdesk.
7.30 Sunday Edition.
9.00 News and Sport.
9.04 Johnnie Walker.
10.30 Education Matters.
11.00 News and Sport; Business on the Move.
11.30 Europa on the Move.
12.00 News and Sport.
12.05 Ring a Winner.
1.40 Open University: Open Forum.
2.00 News and Sport; Kitchen Cabinet.
2.30 Football Extra.
5.00 Sport; Mike's Secret Mike.
5.30 Black Museum.
6.00 Sport; Talking Poetry.
6.30 Great Expectations.
7.00 Sports Bulletin.
7.15 Euromix.
8.00 Paso Doble.
8.30 France Extra!
9.00 Deutsch Direkt!
9.30 Dragnet.
10.00 Sport.
10.10 Across the Line.
12.00 News and Sport.
12.10 Close.

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CHESS

A CHECK to Soviet chess supremacy came from an unexpected quarter at Manila last month, when Xie Jun of China defeated the holder Maia Chiburdanidze for the women's world championship by 8½-6½.

The USSR had held this title since 1949, and Chib had seen off four challengers since she became the youngest ever champion at 17 in 1978. That was the year China seriously entered international chess at the Buenos Aires olympics.

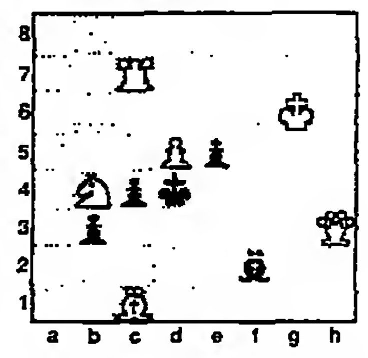
A sceptical grandmaster, Jan Donner, asked "How could anyone lose to a Chinaman?" Two days later he did, victim of a 20-move queen sacrifice brilliancy.

Contacts remained limited. Xie Jun first learnt the Chinese form of the game, since Western chess was banned under Mao's Cultural Revolution. She has played largely in all-women's events, whereas Chib has frequently competed against men. Nigel Short is one of her eminent victims, but the lustre of her title dimmed when Judit Polgar overtook her as world no 1 two years ago. Polgar, 15, is too busy chasing Bobby Fischer's record as the youngest grandmaster at men's level to compete in women's events.

On form Chib, playing now under the flag of her native Georgia, should have won easily. She was 3-2 up, then ran out of ideas, blundering pawns and drawing limply with the white pieces while her challenger played sensibly and well. The outcome is a propaganda coup for Beijing, but somehow I doubt if Xie Jun will be eager to defend her crown against Polgar. (Xie Jun,White; M Chiburdanidze,Black; Ruy Lopez; 3rd game 1991).

1 e4 e5 2 Nf3 Nc6 3 Bb5 a6 4 Ba4 Nf6 5 0-0 Be7 6 Re1 b5 7 Bb3 d6 8 c3 0-0 9 h3 Na5 10 Bc2 c5 11 d4 Bb7 12 Nbd2 cxd4 13 cxd4 exd4 14 Nxd4 Re8 15 b4!? A new idea to gain space for the bishop pair. Nc6 16 Nxc6 Bxc6 17 Bb2 Bf8 18 Qf3 Rc8 19 Bb3 Qe7 20 Rad1 Bb7? A fatal misjudgment. Normal play in such positions is Nd7-e5 to occupy the centre and block White's bishops. 21 Qf3 d5? 22 e5 Nd7 23 Ne4! g6 24 Qxd7 dxe4 Black missed till too late that Qxd7 fails to 25 Nf6+. Now there is no defence to White's mate threats. 25 e6 fxe6 26 Qd4 Kf7 27 Qh8 Qh4 28 g3 Resigns.

CHESS No 898



White mates in two moves (by F B Feast, 1898).

Solution Page XX

Leonard Barden

BRIDGE

TODAY'S hand from rubber bridge has interesting points of declarer play and defence:

N
♠ A K 4
♥ K J 9 2
♦ A K
♣ 7 6 5 2

W
♠ Q J 10 9 5
♥ 8 5
♦ Q 10 8 5 3
♣ J

E
♠ 8 6 2
♥ 7 3
♦ J 9 7 4
♣ K 10 9 8

S
♠ 7 3
♥ A Q 10 6 4
♦ 6 2
♣ A Q 4 3

North dealt at game to North-South, and bid one no trump, South replied with three hearts, North rebid three spades – economic cue-bid – South bid four clubs, North said four diamonds, and raised his partner's four hearts to six.

West led spade queen, taken by king, and trumps were drawn with ace and king. Then South cashed spade ace, ruffed the four, and played ace, king of diamonds. It was clear that, to have any hope of success, the club king must be with East. Declarer led a club from the table, but instead of finessing at once, he played low from hand. This catered for a 3-2 break in the suit, but there was an extra chance in case of a 4-1 break that West might have a singleton knave. The extra chance came off. West was endplayed, and the enforced ruff discard yielded the slam.

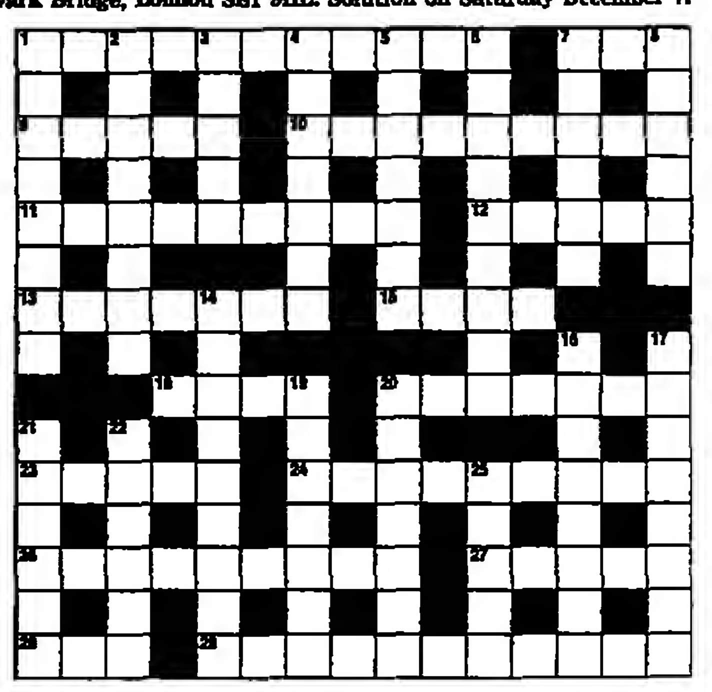
East could have averted this disaster. South surely did not hold ace, queen,and knave – if he did, there was no defence – so East should have played his club king. This rescues West from the endplay. Whatever South does, he cannot avoid the loss of two club tricks, and goes down. I wonder how many Easts would find that brilliant play.

E.P.C Cotter

CROSSWORD

No. 7,706 Set by CINEPHILE

Prizes of £15 each for the first five correct solutions opened. Solutions to be received by Wednesday December 4, marked Crossword 7,706 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday December 7.



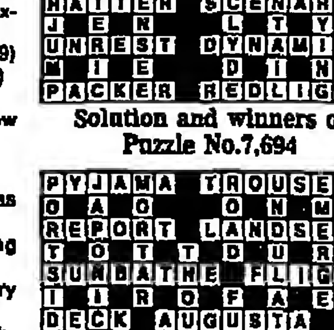
Name.....................................

Address..................................

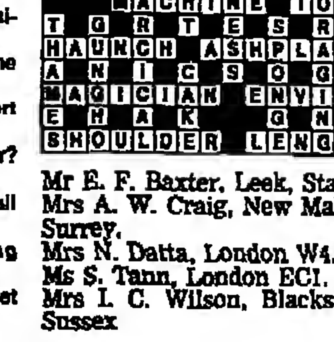
ACROSS
1 Scottish holiday for parish dismayed by erudition (11)
7 Post wanting comfort? (3)
9 Catty writer backing 10, for example (5)
10 Ghost, as of a chance – chance for spirits with doctor left inside (9)
11 Established article in German diet (9)
12 Farewell to model servant (5)
13 Shout when going back to follow female poet (7)
15, 18 Counterfoil originated without flexibility (8)
20 Literary family should be good models (7)
23 Pop in his place – or his brother (5)
24 Metal cleaner – I brew mixture with haste (4,5)
26 Troubles come after stuffing (9)
27 Boy with bird to take home (5)
28 Attempt a score (3)
29 Remote and inadequate blow under skirt (11)

DOWN
1 Write your name on letters as a guide (8)
2 Be imminent the morning after? (8)
3 Will it heal? Partly, being very mobile (5)
4 Strayed badly on the Sabbath?(4,3)
5 Osteologically it's funny business certain to arise (7)
6 European burial place on the field (4,5)
7 Clash of coinage is a poor sort of poetry (6)
8 Minimum suspicion of the bar? (6)
14 Sort of book that leads to a fall in the fall? (9)
16 Reap fruit without feeling inside for partial shadow (8)
17 It may be no help, as Daudet was christened (8)
19 Approaching around river in 1992? (3,4)
20 Withdraw from game with slight injury (7)
21 A blow for self-service? (6)
22 South Indian dish in a rush (6)
25 Lord of love in building (5)

Solution to Puzzle No.7,705



Solution and winners of Puzzle No.7,694



Mr E. F. Baxter, Leek, Staffs.
Mrs A. W. Craig, New Malden, Surrey.
Mrs N. Datta, London W4.
Ms S. Tann, London EC1.
Mrs I. C. Wilson, Blackstone, Sussex

Putting the wrong face to the wrong name

*Like Mr Thompson-Noel (below) **Dominic Lawson** finds people are sometimes not sure who he is*

I AM no longer sure who I am. My doubts began with this column, or rather the picture which accompanies it. You will have to believe me when I say that it is no sort of resemblance. My friends occasionally ring me to joke about it but my attitude up to now has been that this does not matter. Since the vast majority of readers of the *Weekend FT* have no idea what I look like, any old picture will do, providing only that it breaks the tedium of my verbiage.

But recently I have become a little more insecure. On Thursday I picked up my copy of the Times to read a review by the admirable Victoria Glendinning of *Bloody Margaret* by Mark Lawson. (Mr Lawson, a journalist on the *Independent*, is not, I take it, an admirer of Margaret Thatcher.) Miss Glendinning begins her review: "The author of *Bloody Margaret* is the other Mark Lawson – not the Mark Lawson who is the son of the former Chancellor of the Exchequer". And all these years I have been telling people that my name is Dominic.

Still, if I must be Mark Lawson, I am glad that I am "the" Mark Lawson and that the author of *Bloody Margaret* is "the other" Mark Lawson. I hope that Miss Glendinning is, in fact, mistaken in all her claims, but as she is a biographer of Trollope, that great cataloguer of political dynasties, I am prepared to believe that she knows something I do not.

Strangely enough, these doubts assailed me once before. A few years ago, I was in the House of Commons watching my father deliver a Budget speech and leant forward to speak to my stepmother who was in the front row. One of my father's advisers sitting next to her said, rather too loudly for my comfort: "Is this man bothering you?" "Oh, no," she said, "he is my stepson." The man turned round to me, smiling now. "Oh, hello," he said, "you must be Mark."

To be fair to the other Mark, he must be as perturbed by all this as I am. I recall an interview he once carried out with the publicity-loving judge Michael Davies. The great judge intimated to "the other Mark" that one of the reasons he had agreed to the interview was because the journalist's father "Nigel" was a fellow-member of the Garrick Club. The other Mark, who is proud of his good Northern coal-mining stock, was horrified to discover this fact about his father.

My own identity crisis deepened yesterday when I received a charming letter from a *Weekend FT* reader in New York, Mr Bill Moore.

"Dear Mr Lawson," he began, "your weekly column is terrific." I read on, enthralled. "In particular, I appreciate your highlighting the relative costs of living between London and New York City." At this point I became puzzled. I know nothing about the relative costs of living in London and New York, and, though I agree it by no means follows, I have never written an article on the subject.

"You recently referred to the Savoy's rates, which are £175 min. and inflexible in the teeth of recession," went on Mr Moore. And now I realised, with a sinking feeling, that it is not I who was being "brilliant" but Nicholas Lander, who wrote an article on precisely this theme in the *Weekend FT* three Saturdays ago.

Well, "Nicholas" and "Dominic" contain the same number of syllables, and between Lander and Lawson, I agree there is not much to choose.

The final insult to my fragile sense of self came when I dipped into Alan Watkins's book on the fall of Mrs Thatcher *A Conservative Coup*. From what I have read of the book, it is characteristic of the author: witty with a fine grasp of detail. But at one point Mr Watkins writes "Mr (Nigel) Lawson's son confessed that, when he was younger, he used to dread holidaying with his father in France because he was expected to eat so much."

Did I really say that to Alan? I have always been greedy, a glutton even. When I challenged Alan he said that someone else had given him this piece of information. Could it have been Victoria Glendinning?

I do not mind being thought to look as I am picture here. I do not mind being called "the" Mark Lawson. I do not even mind being thought to be Nicholas Lander. But to appear between hard covers as a puritan, that is too much.

■ *Dominic Lawson is editor of The Spectator.*

Private View

A modern rabbi keeps an ancient faith

***Christian Tyler** asks Dr Sidney Brichto, a leading progressive: What is a Jew?*

Ashley Ashwood

THE TWO great facts of the 20th century for world Jewry are Hitler's genocidal holocaust and the creation of the state of Israel. These two facts, says Rabbi Sidney Brichto, are partly responsible for a third, less obvious but dangerous one: the loss of religious faith in the Jewish community.

It seemed both bizarre and appropriate to be discussing Jews and Judaism over lunch at Dr Brichto's London club, the magnificent, neo-classical Athenaeum where the ormolu clocks still chime the end of Empire.

The tickertape machine was chattering out optimistic prognoses for the resumption of the Middle East peace conference upon which Israel's security depends. Anglican bishops and other well-lunched luminaries of the Establishment drifted between the vast rooms proclaiming a cosy reconciliation of the secular and the divine.

Reconciliation is what Dr Brichto sees as his business.

Like every Jew, he is absorbed by the peace process that began in Madrid this month. He does not talk about the Israeli-Palestinian problem: he talks about the Jewish-Muslim problem. For him, political progress is inseparable from religious reconciliation:

"We may say land for peace. It's *not* land we're talking about. It's about one's roots. I'm prepared to sacrifice *all* the land for peace if necessary, because people are more valuable than land. The real problem is this belief that there should be no Jewish state. Islam cannot theologically accept that part of its *Dar* (land) should be ruled by Jews."

He added: "In some sense God died at Auschwitz and was reborn again in Jerusalem." For him therefore, the security of Israel will not be enough on its own to sustain world Jewry. He believes that without religious faith, the Jews will eventually disappear. But the necessary religious revival will be impossible until the "irreconcilable debate" between Orthodox and non-Orthodox Jews is reconciled. It is a dilemma wholly familiar to the other clergymen at the Athenaeum.

An indefatigable writer of letters to the newspapers and of articles for the *Jewish Chronicle*, Dr Brichto is a progressive rabbi who seems almost desperate to provoke the Anglo-Jewish establishment into open debate. He is afraid that those who would close ranks on everyday theological matters – sex, marriage, legitimacy – will one day have no ranks to close.

Dr Brichto is executive vice-president of the Union of Liberal and Progressive Synagogues (the president is Lord Goodman). He does appear to be a radical zealot; but he is an American, bright-eyed, quick-talking, a little touch iconoclastic.

He was born in Philadelphia 55 years ago to Orthodox parents from Jerusalem. Studying philosophy turned him into a sceptic and he was steered back to religion by his mentor at the seminary, Dean Henry Slonimsky:

"He made it possible for me to be a believer. He would say God *is* at the end of history, not the beginning. He's not a theatre producer. Everything is not fixed. God is not playing with us."

Why did you want to be a rabbi? I asked him.

"To remain at the centre of Jewry. I could have become a peripheral Jew. Being a rabbi meant I had to have a constant debate with myself between a western upbringing and my Jewish background."

He came to England to study, taking a job at the Liberal synagogue in St John's Wood to supplement his grant. His dynamism was recognised and he was asked to become the first director of the liberal movement in Britain.

"I love London. Particularly I love British life. I feel more comfortable here in a way than in US where Jews are much higher-profile. There they have political muscle. Individually they are much more insecure – they have their own country clubs and so forth. In this country they say we keep a low profile collectively: as individuals we much more secure."

Is there residual anti-Semitism here?

"Terrific. It's very residual, though. It's part of the class system, it's very English . . . cocktail-bar anti-Semitism."

Brichto is more interested in Jewry's hidden internal conflict. Implicitly he challenges the monopoly on truth and representation accorded to the office of Chief Rabbi (a post invented in England in the days when the rabbinate aped the Anglican clergy). He expressed qualified hopes of the new Chief Rabbi, Dr Jonathan Sacks.

"It's not a question of someone winning. I'm afraid that both could lose. The Chief Rabbi has the status and authority to reconcile us. It means him accepting that progressive Judaism is as authentic as he maintains his form is, and accepting that there must be a multiplicity of expressions of Jewish faith."

I asked: Are you trying to bounce the Orthodox into coming to terms with the archaism of their tenets?

"Yes, I would like them to come to terms – and the majority of Jews who are nominally Jewish to appreciate what the different groups are teaching."

He gave as an example Lubavitch, the movement of Jewish soul-savers:

"They are a kind of Salvation Army, and I admire their social work – they are wonderful people – but those who support them financially should know what they believe. They predicted at last Jewish New Year that the Messiah would reveal himself: many believed their own Rabbi Schneerson of Williamsburg would be it. It never happened. But they never explained why not."

What is the fundamental issue that divides Orthodox and non-Orthodox?

"Whether you believe Jewish law is given and immutable, or whether law develops over the centuries. Progressives believe in continuous revelation. We can't believe that there has been no progress since the Law was given to Moses."

I asked him about Britain's irreligion.

"Society has inherited the best parts of the Judaeo-Christian tradition. Secularism's values in some sense are far superior to the values of traditional religions because they have made democracy and free expression of the spirit their basis. Religion still has authoritarianism and puts loyalty before freedom."

All religions seem to be suffering lack of support and lack of direction, I said. Is the same crisis evident in Judaism?

"There *is* a lack of faith in the Jewish community but there's no crisis about it . . . and there should be.

"I do not think the Jewish community *appreciates* the long-term effects of this lack of faith. Jews feel they can hang on to their heritage and identity without faith. And that won't work ultimately because Judaism is the soul of the Jewish people. What's keeping Jewish identity alive is identification with the state of Israel."

You mean it has made it easier for people to give up their faith?

"I don't know if it's causal or not, but some would say their religion is Zionism. My question is, can religion survive outside of Israel? The Jewish identity survives on nostalgia. It survives in the Holocaust because, as Professor Emil Fackenheim said, the 11th Commandment now is: You Will Survive. You will not give Hitler a posthumous victory. But a lot of Jews gave up their faith because of the Holocaust. They could not believe that God would permit such a thing to happen."

How can a Jew understand the God who allowed that?

"Only by saying God is the end of history, that he is limited. He can only fulfil the Messianic Age with the co-operation of human beings. As my son said to me: 'if God could help bring the Jews out of Egypt why couldn't he bring them out of Auschwitz?'"

And the answer is?

"The answer is he couldn't. He only brought them out of Egypt because he had the co-operation of Moses."

What does it mean to say the Jews are the Chosen People?

"I believe in it, but only in the sense of a mission, not of Jews being better than everyone else. God chose the Jews in the sense that they felt he had chosen them. They chose to believe that God had chosen them. It's like prayer: who puts the prayer into your mouth?"

Brichto's liberalism is most evident in his treatment of sexual matters. He challenges Orthodox puritanism by recalling the early rabbis' down-to-earth tolerance; he argues for trial marriages (a personal view, he emphasises); he writes about the importance of enjoyable sex within marriage; he calls for tolerance of homosexuals.

Suddenly, without prompting, he asked the apparently simple question that lurked behind our discussion: What is a Jew?

Talmudic tradition says that only a child of a Jewish mother is automatically a Jew. In the Bible it was the father who mattered. "Liberals say if one parent is a Jew and is raised as a Jew that child is Jewish.

"Jewishness is not racial – there are Chinese and black Jews – but ethnic, cultural and religious. A Jew is someone who accepts his Jewish identity for historical reasons and wishes to maintain it. (Many were killed by Hitler for being Jewish who didn't think they were).

"You may have nothing to do with Judaism or Zionism, be ambivalent towards Israel but at the same time get roused up when there is any kind of anti-Semitic utterance. It's not a race, more of a large family."

He mentioned the late Robert Maxwell, the British publishing magnate who married a Huguenot, whose children were brought up as Christians, who scarcely identified himself as Jewish, yet who was honoured with a state funeral in Jerusalem.

"That tells us that any Jew that identifies with his history is accepted as a Jew and no question are asked about the way he led his life.

"There is something peculiar about being Jewish: I think they feel it's by virtue of being a minority for millenia and having developed a syndrome of symptoms – living in a hostile or neutral environment where they were not in charge of their situation.

"Hence the revolution in Jewish psychology with the creation of the Jewish state. Suddenly they were no longer the perennial victims. Here was something that gave them armies and generals. That state is the beginning of the fulfilment of own Messianic dreams, albeit created by secular forces."

It is a tangle. The really Orthodox will not accept an Israel restored to them by human agency. Modern Jews feel only token respect for religious Orthodoxy. Yet Orthodoxy remains the public voice of British Jewry . . . or would do but for the likes of Rabbi Sidney Brichto.

Net loss for an aggressive player

Michael Thompson-Noel

I PLAYED tennis this week against the sports editor of the *IndescribablyvirtuousandpompousonSunday*. They seem to employ a decent class of person at the *Indescribably*, for the sports editor turned up with *two* cans of new balls as well as numerous racquets and accessories. He spent 20 minutes checking the height of the net.

It was a serious game, for we are both in Division 8 of the ladder competition at our Maida Vale club. There are 22 divisions in all. On past form I should have thumped him, for I beat him in the summer with an all-power game that left him trembling and pale-visaged.

Not this week I didn't. Perhaps it was the balls, or the gloom, or my fine lunch at Anton Mosimann's Belgravia establishment. At any rate, my timing was off, my service off, my volleying dissolute, my backhand pusillanimous and my cross-court forehand (normally as trusty a shot as Pete Sampras's) a pitiful parody of its true self.

The sports editor beat me. Yet my progress up the ladder has been so swift that I still went through with my plan to ring the Lawn Tennis Association to ask whether I have qualified for an official national ranking.

Perhaps you imagine that the last thing the LTA is equipped to handle is a call from the outside world, especially one concerning tennis. But you would be wrong, for the LTA – go-ahead and multifaceted – boasts a press officer, an assistant press officer and a press office co-ordinator.

I got through to the co-ordinator. We chatted about rankings. It transpires that the official British rankings only reach down as far as 20. On the other hand, Britain has an estimated 3m tennis players and the LTA 2,448 affiliated clubs.

We decided to introduce new rankings. From today I am to be regarded, officially, as the 126,527th ranked male player in Britain. My friend from the *Indescribably* has been ranked 126,526th. The *FT's* Richard Gourlay, who plays like King Kong, all violent athleticism, has been rated 89,007th, while the *FT's* Jurek Martin, who plays like Patti Pitterpat, just scrapes in at 799,998th.

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ONCE IN A Hong Kong hotel I was paged as Mr Timpson-Nod. "Would Mr Timpson-Nod please come to the telephone," said the announcement. I thought it so amusing. This week I received a fax from Miss Ying Xu of the China Travel Service and Information Centre in London, addressed to Mark Phompson-Noel. If she cannot read my byline in 24-point type, then it will have to be bigger.

■ ■ ■

'CHARTIST GLOOM as Footsie dips,' beeped a newspaper headline on Wednesday –

HAWKS & HANDSAWS

reminding me that it might be a good idea to strangle half those chartists, possibly three-quarters, all the good they do, whining and spreading gloom, undermining John and Norman's finest efforts to kick-start the economy and bestow on us, once more, beneficence and prosperity.

More to the point, this week's shakiness on world stock markets prompted me to open my little red book and study my portfolio. We are not talking big money here, nothing clever or cross-border. We are talking about a miserable little mound of mis-matched investments managed by a madman. But it is the only one I have, so it matters quite a lot.

Timing is all-important, and for a while I was looking good. On July 21 1987, for example, I dumped three lines of stock on an unsuspecting market, which put me on a pedestal alongside Goldsmith and Packer.

But then I plunged back in. My timing was horrible. On August 27 1987, for example, I bought 411 shares in advertising agency Gold Greenlees Trott at 365p; they are currently about 200p, having been much lower. I sold Securicor at *exactly* the wrong moment and took premature profits on Abbey National and British Gas. My premium bonds have been as enigmatic as Rembrandt's *Self Portrait in a Fur Cap*. I frittered away nearly £1,000 on two racehorse syndicates (for a full account of this folly, see *The Faber Book of the Turf*).

Worst of all, I indulged a years-old fascination by investing in a gold unit trust. I bought five batches in all, between April 1987 and June 1990. Unless you have been to Venus, you will know that gold has been behaving with bovine stupidity, refusing to stick its head above $400 an ounce since . . . since I can't remember.

At one point I thought I would solve some of the problems besetting my portfolio by folding some of its constituents into a PEP, so I took a savage loss on some of my investments. But it is a dull thing, that PEP. It sucks in money. It is like Cockroach Motel: the cockroaches check in, they do not check out.

When I read this week that the chartists were gloomy, the thought struck me that I ought to be able to turn my experiences to advantage. When I say "Buy," people should sell. When I start to worry, people should dance and sing. When I sell gold, people should know that there is a 50:50 chance of it zooming to $1,500.

So I telephoned my friend, Juliet Fetherbrayne, London's highest-paid PR, and asked her to handle the launch of my new investment service.

Juliet was not impressed. "I'd like to help," she said, "but I'm thinking of representing Janet Street Porter for a while. She is weird enough. I couldn't cope with both of you. All that creativity. Have you tried Tim Bell? Really? Yah? *Really? Yah?* Anyway, I'm also handling a megaspending media blitz on behalf of the stock market chartists. They're talking serious money. Want to get their point of view across. 'Fraid I've got to dash, luvvy. Don't forget our date – see you on Court 9."